Financial Statements
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Financial Statements for the year ended
December 31, 2023

IBOVESPAB3 IAGR0-FFSB3 IBRAB3 IBRX100B3 IGCB3 IGC-NMB3 IGCTB3 ITAGB3 MLCXB3 ISEB3 ICO2B3 IGPTWB3

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Earnings Release 4Q23 & 2023

EARNINGS CONFERENCE CALL

Thursday, February 22, 2024

11:00 a.m. (Brasília) | 09:00 a.m. (New York) | 2:00 p.m. (London)

Videoconference in Portuguese via Zoom (simultaneous translation): click here

The information and links will be available for access on our website and in our quarterly earnings release.

ASAI3 B3 **IBOVESPA** B3 **IBRA** B3 **IBRX100** B3 **ISE** B3 **ICO2** B3

ICON B3 **IGC** B3 **IGCT** B3 **ITAG** B3 **MLCX** B3 **ASAI** NYSE

EARNINGS RELEASE 4Q23 & 2023

ASSAÍ ATACADISTA

São Paulo, February 21, 2024 - Assaí Atacadista announces the results for the 4th quarter of 2023. All comments referring to EBITDA are adjusted with the exclusion of the result of other expenses and operating income for the periods. The financial statements were prepared in accordance with international standards for financial reports issued by the International Accounting Standards Board – IASB, accounting practices adopted in Brazil, CVM standards and the technical pronouncements of the Accounting Pronouncements Committee (CPC). The comments indicated as "Post" in this release are in line with the financial statements. However, to better represent the economic reality of the business, comments labeled "Pre" exclude the effects of IFRS 16/CPC 06 (R2).

4Q23 (vs. 4Q22)

REVENUE SURPASS R$ 20 BILLION WITH SIGNIFICANT MARKET SHARE GAINS

EXPANSION

12 stores opened in 8 states
- **5 converted stores**
- **7 new organic stores**
- **+63 thousand sqm added to sales area**

GROSS SALES

R$ 20.2bi (+16%)
- **'Same Store' Sales : +3%**
- **'Same Store' Volumes: +1.2%**
- **Tickets: 79 million** (+17%)
- **Market share gains: +1.4 p.p.**

EBITDA

Pre-IFRS 16: + 33%, above sales level
- Strict control of expenses
- **Margin at the highest level since the beginning of conversion project**
- **Margin Pre: 6.1%** (+0.8 p.p.)
- **Margin Post: 7.8%** (+0.5 p.p.)

NET INCOME

Pre-IFRS 16: R$ 343M
- Operational leverage contributes to higher profitability level
- High interest rate
- **Margin Pre: 1.9%**

2023 (vs. 2022)

EBITDA MARGIN PRE-IFRS16 STABLE AT 5.3%
CONVERSIONS WITH SALES UPLIFT IN LINE WITH THE PROJECT'S GOAL OF 3x AND EBITDA MARGIN PRE OF 5.6%

EXPANSION

Conclusion of 64 hypermarket conversions
- **Sales uplift in line with the project's goal** (3x vs. hypermarket)
- 47 conversions opened in 2022: Average gross sales of R$28 million/month, with EBITDA Margin Pre of 5.6%

27 stores inaugurated in 2023: 288 stores in operation
- **Increase of 12% in sale area, reaching +1.4 million sqm**

GROSS SALES

R$ 72.8bi (+22%)
- **'Same Store' Sales: +1.6%**
- **Tickets: 290 million** (+24%)
- **Fast maturation of conversions**
- **Market share gains: +2.0 p.p.**

EBITDA

Stable margin vs. 2022, reaching the guidance
- Commercial actions and operational leverage
- 115 stores opened in the last 3 years
- **Margin Pre: 5.3%** (vs. 5.3% in 2022)
- **Margin Post: 7.1%** (vs. 7.2% in 2022)

NET INCOME

Pre-IFRS 16: R$ 776M
- Business resilience in the face of high interest rates
- **Margin Pre: 1.2%**

CASH GENERATION & LEVERAGE

Operating cash flow of R$ 4.6 billion, with operating consistency and working capital improvement
- Maturation of new stores drives the cash flow improvement in comparison to 2022

Reduction in leverage (1) to 3.8x (vs. 4.4x no 4Q22 and 3Q23)
- **Result of strong cash flow and better working capital**

CAPEX 2023

Investment of R$ 2.5 billion in expansion (2) and payment of R$ 2.4 billion related to hypermarkets acquisition
- **+80 thousand employees:** one of the largest private employers in the country

BETTER OUTLOOK FOR 2024

Focus on deleveraging: combination of lower investment level, stronger cash generation and interest rates reduction
- **Payment of the last installment of the acquisition of hypermarkets in Jan/24**
- **Expansion:** opening of ~15 stores in 2024
- **Free cash generation higher than 2023 will contribute to deleveraging**
- **Falling interest rates and potential recovery in purchasing power bring good prospects for 2024**

(1) Net Debt + Discounted receivables + Balance payable from hypermarket acquisitions / Adjusted EBITDA Pre-IFRS 16; (2) Addition to Fixed Assets

MESSAGE FROM MANAGEMENT

The combination of Assaí brand strengtH, a constantly evolving shopping experience, successful expansion and commercial strategy has led to consistent results, gains in market share and increased profitability. In 2023, amid a macroeconomic scenario marked by deflation and pressure on the population's purchasing power, we once again proved that we have a winning value proposition.

This fact was proven in one of the most significant moments of the year, with Assaí being recognized as the food company with the largest presence in Brazilian households, found in one out of every four homes, an unprecedented achievement in the Cash & Carry sector. We were also the most remembered brand in the sector in the Top of Mind award by *Folha de S.Paulo* and in the *Marcas Mais* award by *Estadão*.

Achievements like these confirm our purpose of providing food with quality at low price to the Brazilian population and the effectiveness of the evolution of our business model, which continues to be constantly improved without impacting the essence of the Cash & Carry model - the low-cost structure. They also reinforce the objective of continuing to generate income and jobs in the country - we are one of the largest private employers in the country with over 80,000 employees.

In 2023, Assaí opened 27 stores and increased its national presence with the inauguration of the first unit in Espírito Santo. Expansion investments totaled approximately R$ 5 billion in the year, already considering the payment of R$ 2.4 billion for the acquisition of hypermarket points, reinforcing our strategy, that aims to well-serve and be close to our customers. We also advanced in the implementation of services in stores and in the Phygital strategy, with the Meu Assaí app being one of the Top 5 retail apps with the highest download growth in Brazil.

Annual revenue totaled R$ 73 billion, of which more than R$ 20 billion in the 4Q23. In the year, we reached 290 million tickets, which indicates more than 430 million people passing-by our stores.

The result is due to the performance of existing stores, with 'same-store' sales and expansion growth, with emphasis on conversions, whose success is evidenced by accelerated maturation. This group of stores achieved a sales uplift in line with the project's objective (3x higher than the hypermarket format).

As a result of these factors, and strong expense control, our profitability continues steady in its growth trajectory, reaching the highest quarterly level since the beginning of the conversion project. In the year, the EBITDA Margin Pre-IFRS 16 showed stability compared to 2022, confirming accelerated maturation and the potential of new stores, leading to a solid operating cash flow generation, even after an intense period of openings, with 115 stores opened in the last 3 years.

Our corporate governance has been transforming, and in 2023, Assaí became a Corporation and had the election of a new Board of Directors. Additionally, we launched the new Sustainability Strategy, aimed at driving prosperity for all through responsible and transparent operations, and reduced environmental impact.

We also evolved in Diversity and Inclusion. We have 43.5% of black people and 25.0% of women in leadership positions, and 5.4% of our workforce composed of people with disabilities. Results that make us proud and illustrate our efforts to be an increasingly diverse and inclusive environment.

For 2024, with (i) the highest cash generation from the maturation of new stores, (ii) the conclusion of the payment for the acquisition of hypermarket points in January 2024, and (iii) the improvement of macroeconomic indicators, especially the decline in interest rates, Assaí will be able to accelerate the deleveraging process.

With resilience, a unique value proposition, and a solid culture, we continue to work for Assaí's success. I thank all investors, employees, customers, and partners for their continued trust and support for another year.

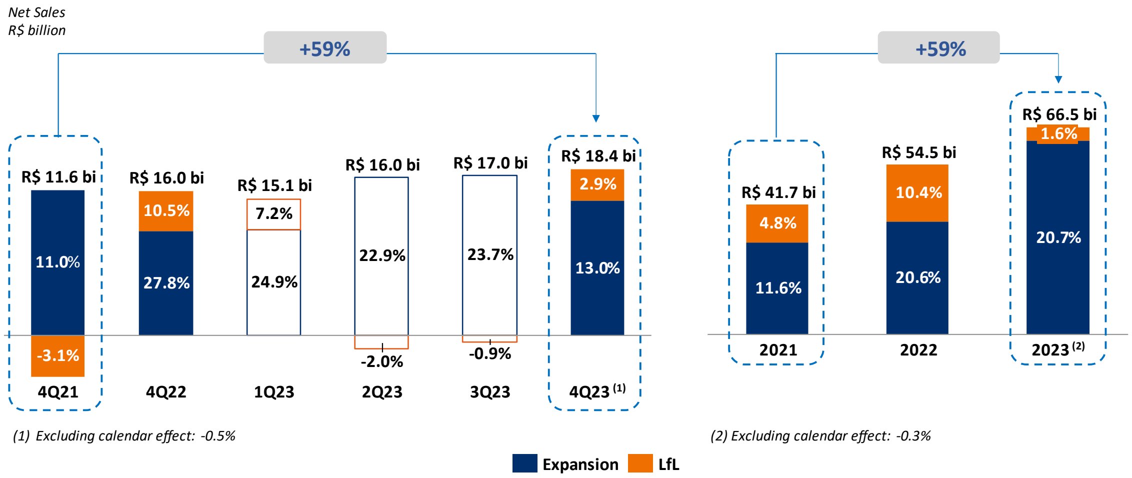
Belmiro Gomes, CEO of Assaí

FINANCIAL HIGHLIGHTS

(R$ million)	4Q23	4Q22	Δ	2023	2022	Δ
Gross Revenue	20,162	17,448	15.6%	72,785	59,684	22.0%
Net Revenue	18,421	15,954	15.5%	66,503	54,520	22.0%
Gross Profit (1)	3,072	2,738	12.2%	10,821	8,963	20.7%
Gross Margin (1)	**16.7%**	**17.2%**	**-0.5 p.p.**	**16.3%**	**16.4%**	**-0.1 p.p.**
Selling, General and Administrative Expenses	(1,673)	(1,597)	4.8%	(6,242)	(5,166)	20.8%
% of Net Revenue	**-9.1%**	**-10.0%**	**0.9 p.p.**	**-9.4%**	**-9.5%**	**0.1 p.p.**
Adjusted EBITDA (2)(3)	1,436	1,171	22.6%	4,712	3,912	20.4%
Adjusted EBITDA Margin (2)(3)	**7.8%**	**7.3%**	**0.5 p.p.**	**7.1%**	**7.2%**	**-0.1 p.p.**
Net Financial Result	(736)	(445)	65.4%	(2,731)	(1,515)	80.3%
% of Net Revenue	**-4.0%**	**-2.8%**	**-1.2 p.p.**	**-4.1%**	**-2.8%**	**-1.3 p.p.**
Net Income for the Year	297	406	-26.8%	710	1,220	-41.8%
Net Margin	**1.6%**	**2.5%**	**-0.9 p.p.**	**1.1%**	**2.2%**	**-1.1 p.p.**
Pre-IFRS16						
Adjusted EBITDA (2) (3)	1,118	840	33.1%	3,495	2,912	20.0%
Adjusted EBITDA Margin (2) (3)	**6.1%**	**5.3%**	**0.8 p.p.**	**5.3%**	**5.3%**	**0.0 p.p.**

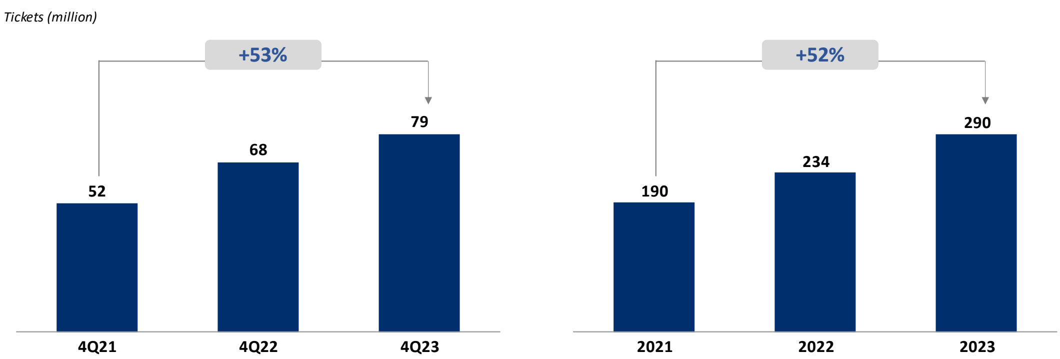
(1) Includes logistical depreciation (highlighted in the Income Statement on page 15);
(2) Operating profit before interest, taxes, depreciation and amortization;
(3) Adjusted by the Result of Other Operating Expenses and Income.

GROWTH IN 'SAME-STORE' SALES WITH RECOVERY OF VOLUMES AND MARKET SHARE GAINS



Net sales reached R$ 18.4 billion in the period, increasing 16% and R$ 2.5 billion from 4Q22, underlining the Company's positioning even amid a scenario of deflation and pressure on the consumers purchasing power. Sales growth mainly resulted from:

(i) expansion (+13.0%), with 27 stores opened in the last 12 months; and
(ii) the successful commercial strategy and continuous improvement in the shopping experience, which resulted in growth in tickets in both total and 'same-store' bases, reaching 79 million operations in 4Q23 (+17% vs. 4Q22).



Also, sales performance was driven by 'same-store' sales growth (+2.9% vs. 4Q22), which includes the contribution from the 35 conversions inaugurated between July and November 2022[1]. Volumes also increased during the quarter, growing +1.2% in the 'same-store' basis.

In the year, net sales reached R$ 66.5 billion, up +22% and R$ 12 billion from 2022, reflecting the rapid maturation of conversions and the +1.6% 'same-store' sales growth.

The sales performance resulted in significant market share gains in the quarter, in both total (+1.4 p.p. in 4Q23) and 'same-store' base (+0.7 p.p. in 4Q23). In the year, market share increased +2.0 p.p., underlining Assaí's success in the Cash & Carry segment.

CONCLUSION OF 2023 EXPANSION PLAN WITH 27 NEW STORES

In 4Q23, we inaugurated 12 stores, of which 7 organic and 5 conversions, ending the year of 2023 with 288 stores in operation and total sales area of more than 1.4 million square meters.

The expansion in 2023 added 152,000 square meters to the sales area, representing +12% growth from 2022.

Assaí's expansion project will continue in 2024 with the inauguration of approximately 15 new stores.

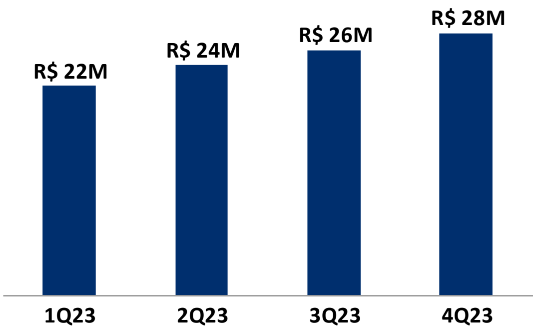
PERFORMANCE OF CONVERSIONS CONFIRMS PROJECT EXPECTATIONS

By the end of 2023, 64 hypermarket conversions were in operation. Converted stores register accelerated maturation, and reached, in December, sales uplift in line with the project expectation (3x compared to the hypermarket format).

Considering the 47 stores converted in 2022 and which, on average, have been operating for more than 12 months, monthly average sales per store is nearly R$ 28 million, with EBITDA Margin Pre of 5.6%. This is mainly due to exceptional location of these stores: close to B2B customers and to higher income public, high population density and strong real estate barrier.

Average Monthly Sales

(47 Conversions Opened in 2022)



EBITDA Mg. Pre	2.6%	3.7%	5.4%	5.6%

[1] The contribution of converted stores to same-store sales occurs from the 13th month on since the opening date. Therefore, only 14 conversions compose the same-store base in the full 4Q23; 23 conversions in November and December and 35 conversions just in December.

COMMERCIAL GALLERIES

The commercial galleries add an important value to our business model by driving customer traffic and diluting costs. At the end of 2023, the commercial galleries registered occupancy of around 70% of total gross leasable area available, generating revenues of R$ 93 million, up 69% from 2022.

'PHYGITAL' STRATEGY IN CONSTANT PROGRESS

The *Meu Assaí* app continues its growth trajectory, reaching 12 million customers in only 8 months of operation, which represents an increase of 20% from 3Q23 and 46% since its launch. It was one of the Top 5 retail apps with the highest increase in downloads across Brazil.

Online sales through last mile operators, which offer greater convenience to Assaí customers, continue to grow: up 31% from 4Q22 and 58% in the year.

EXPENSES CONTROL AND FAST MATURATION OF STORES RESULT IN THE HIGHEST LEVEL OF PROFITABILITY SINCE THE BEGINNING OF CONVERSION PROJECT

In 4Q23, gross profit was R$ 3.1 billion, with margin at 16.7%, resulting from the continuous improvement in the shopping experience and the business model attractiveness. Compared to 4Q22 (17.2%), gross margin was impacted by lower expansion during the period (37 stores in 4Q22 vs. 12 in 4Q23). In 2023, gross profit totaled R$ 10.8 billion, with gross margin of 16.3% (vs. 16.4% in 2022), mainly reflecting the fast maturation of new stores.

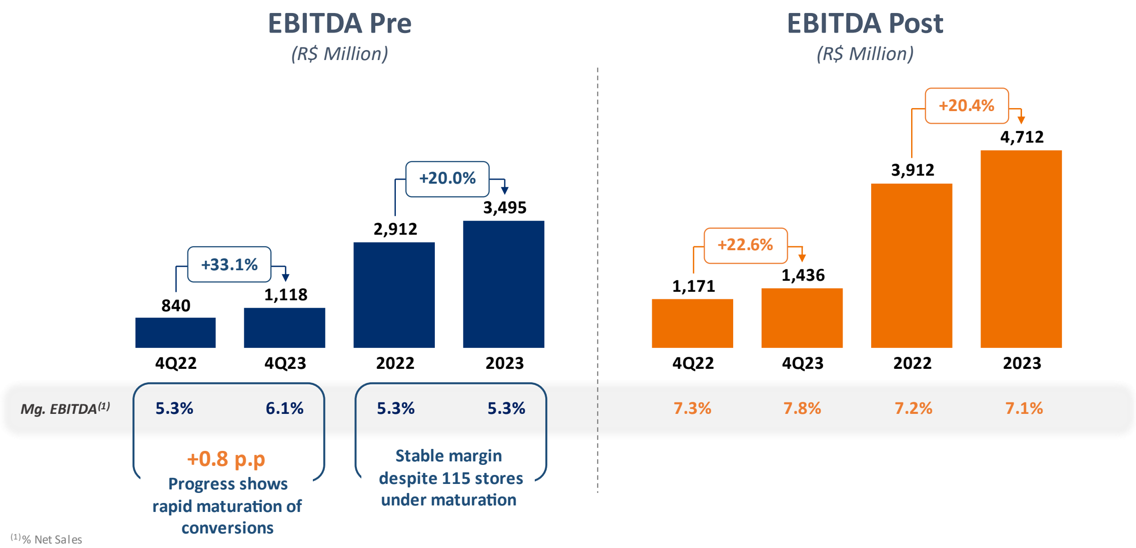
Selling, general and administrative expenses as a percentage of net sales reduced to 9.1% in the quarter (vs. 10.0% in 4Q22) thanks to the maturation of new stores and cost-cutting efforts in 1H23. Operational leverage led to a reduction of 9.4% in expenses during the year (vs. 9.5% in 2022).

Equity income from Assaí's interest of approximately 18% in FIC totaled R$ 15 million in 4Q23, an increase of 50% vs. 4Q22, and R$ 51 million in the year. The number of Passaí cards issued reached 2.7 million, which represents a growth of around 20% vs. 4Q22.

EBITDA Pre totaled R$ 1.1 billion in 4Q23, +33.1% versus 4Q22, which is much higher than sales growth in the period, with margin increasing to 6.1% (+0.8 p.p. vs. 4Q22), confirming the rapid maturation and potential of conversions. In 2023, EBITDA reached R$ 3.5 billion with margin of 5.3%, stable compared to 2022 despite the 115 stores under maturation phase.

EBITDA Post reached R$ 1.4 billion in 4Q23, up 22.6%, while margin came to 7.8% (+0.5 p.p. vs. 4Q22) - the highest level since the beginning of the conversion project. In the year, EBITDA amounted to R$ 4.7 billion, with margin of 7.1%, a level similar to that reported in 2022.

Profitability in 2023 reached the guidance announced by the Company.



[1]% Net Sales

FINANCIAL RESULT REFLECTS HIGHER INTEREST RATES AND DEBT

(R$ million)	4Q23	4Q22	Δ	2023	2022	Δ
Cash profitability	20	44	-54.5%	123	152	-19.1%
Other financial revenues	2	6	-66.7%	36	15	140.0%
Cost of debt	(464)	(313)	48.2%	(1,720)	(896)	92.0%
Cost of Receivable Discount	(40)	(27)	48.1%	(119)	(97)	22.7%
Other financial revenues/expenses and Net Exchange Variation	4	21	-81.0%	(152)	(180)	-15.6%
Net Financial Revenue (Expenses)	**(478)**	**(269)**	**77.7%**	**(1,832)**	**(1,006)**	**82.1%**
% of Net Revenue	*-2.6%*	*-1.7%*	*-0.9 p.p.*	*-2.8%*	*-1.8%*	*-1.0 p.p.*
Interest on lease liabilities	(258)	(176)	46.6%	(899)	(509)	76.6%
Net Financial Revenue (Expenses) - IFRS 16	**(736)**	**(445)**	**65.4%**	**(2,731)**	**(1,515)**	**80.3%**
% of Net Revenue - IFRS 16	*-4.0%*	*-2.8%*	*-1.2 p.p.*	*-4.1%*	*-2.8%*	*-1.3 p.p.*

Financial result, including interest on lease liabilities, reached R$ 736 million in the quarter, corresponding to 4.0% of net sales. Excluding this effect, net financial expense amounted to R$ 478 million, equivalent to 2.6% of net sales. The increase in the cost of debt in the quarter was due to:

(i) the increase in gross debt (+R$ 2.5 billion); and
(ii) the lower effect of capitalized interests in the period due to the final phase of the conversion project (R$ 34 million in 4Q23 vs. R$ 157 million in 4Q22).

During the year, the Company issued Certificates of Real Estate Receivables (CRI) of R$ 1 billion in July and debentures of R$ 800 million in December, besides rolling over debt, all of which increased gross debt in the year by R$ 2.5 billion. Financial result, including interest on lease liabilities, was R$ 2.7 billion, equivalent to 4.1% of net sales. Excluding interest from lease liabilities, net financial expense was R$ 1.8 billion, equivalent to 2.8% of net revenue, due to:

(iii) the highest average interest rate in the year (12.4% in 2022 vs. 13.0% in 2023);
(iv) the increase in gross debt (from R$ 12.4 billion in 2022 to R$ 14.9 billion in 2023); and
(v) the lower effect of capitalized interests (R$ 257 million in 2023 vs. R$ 774 million in 2022).

NET INCOME INCREASES SEQUENTIALY AND REACHES THE HIGHEST LEVEL OF 2023

Net income Pre totaled R$ 343 million in the quarter, with net margin of 1.9%. The level represents the highest profitability level of 2023 and is mainly explained by seasonality and the quality of the expansion over the last few years. In 2023, net income totaled R$ 776 million, with margin of 1.2%. Results continue to be impacted by high interest rates.

Net income Post reached R$ 297 million in 4Q23, increasing 60% from 3Q23 and reaching the highest level of 2023, while margin stood at 1.6%, underscoring the operational leverage during the period. In the year, net income amounted to R$ 710 million, with margin of 1.1%.

INVESTMENTS IN EXPANSION WITH THE OPENING OF 87 STORES IN 2 YEARS

(R$ million)	4Q23	4Q22	Δ	2023	2022	Δ
New stores and land acquisition	649	1,331	(682)	2,055	4,322	(2,267)
Store renovation and maintenance	80	82	(2)	302	272	30
Infrastructure and others	21	52	(31)	91	127	(36)
Gross Total Investiments	**750**	**1,465**	**(715)**	**2,448**	**4,721**	**(2,273)**

From the accounting perspective (addition to fixed asset), as shown in table above, investments reached R$ 750 million in 4Q23, mainly due to the Company's ongoing expansion process, with 12 stores opened in the period. In the year, investments amounted to R$ 2.5 billion and refers to the recent expansion process, with the opening of 27 stores in the year and more than half of the stores scheduled to open in 2024 in the construction phase.

Additionally, R$ 2.4 billion related to payments for hypermarket commercial points were disbursed.

REDUCTION IN LEVERAGE THANKS TO MATURATION OF NEW STORES

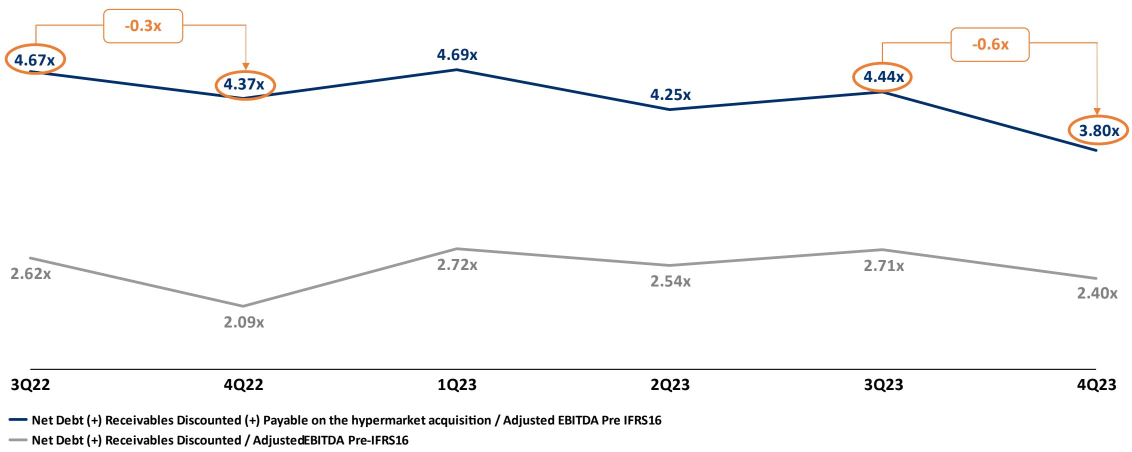
Leverage ratio, represented by the ratio of net debt including balances of discounted receivables and the remaining installment for the acquisition of hypermarket points, to Adjusted EBITDA Pre, ended the quarter at 3.8x, down -0.6x from both 4Q22 and 3Q23. The level achieved in the quarter represents an acceleration in deleveraging when compared to 4Q22 (0.3x vs. 3Q22). The performance is mainly explained by:

(i) operational cash flow of R$ 4.6 billion, which grew 11% in the last 12 months with a significant contribution from the fast maturation of new stores; and
(ii) the normalization of inventories after an intense pace of expansion in 2022.

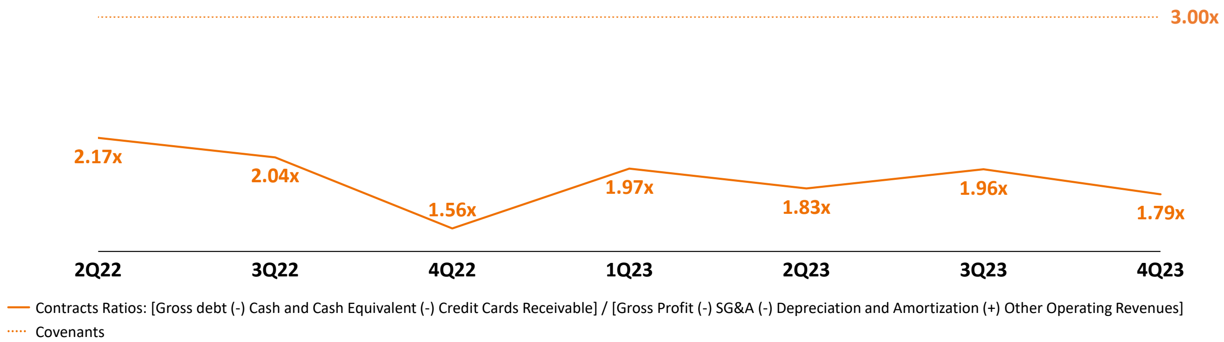
(R$ million)	31.12.2023	31.12.2022
Short Term Debt	(2,067)	(1,233)
Long Term Debt	(12,843)	(11,176)
Gross Debt	**(14,910)**	**(12,409)**
Cash and Cash Equivalent	5,459	5,842
Net Debt	**(9,451)**	**(6,567)**
Balance of Receivables discounted	(2,742)	(2,785)
Payables on the hypermarkets acquisition [2]	(892)	(3,202)
Net Debt (+) Receivables discounted (+) Payables on the hypermarkets acquisition	**(13,085)**	**(12,554)**
Adjusted EBITDA Pre-IFRS 16 [1]	3,444	2,868
Net Debt (+) Receivables discounted (+) Payables on the hypermarkets acquisition / Adjusted EBITDA Pre-IFRS 16 [1]	**-3.80x**	**-4.37x**

[1] Adjusted EBITDA Pre-IFRS16 (excluding equity income)

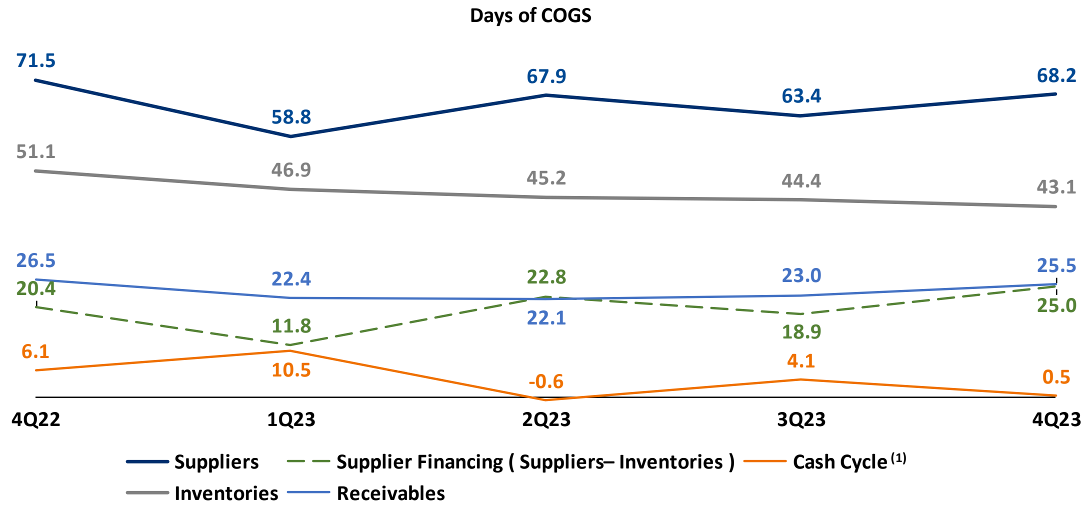
At the end of the period, the balance of discounted receivables was R$ 2.7 billion, with an average term of 13 days. Note that prepayment of receivables is an operation typical to the retail sector and the Brazilian market.



According to the methodology of financial agreements, leverage stood at 1.79x, much lower than stipulated in contractual covenants (3.00x) and equivalent to a difference of more than R$ 5.7 billion to achieve the contractual limit.



IMPROVED CASH CONVERSION CYCLE DRIVEN BY NORMALIZATION OF INVENTORIES AND SEASONALITY OF 4TH QUARTER



(1) Cash Cycle = Suppliers (-) Inventories (-) Receivables (Adjusted for discounted receivables)

The quarterly cash conversion cycle, adjusted for discounted receivables, reached 0.5 days, which represents an improvement of 5.6 days in relation to 4Q22 (6.1 days). The result is mainly due to the normalization of inventories after the strong pace of openings during 2022 and the continued maturation of new stores. Compared to 3Q23, cash conversion cycle improved 3.6 days due to the seasonality in the quarter.

OPERATING CASH FLOW INCREASES 11% TO R$ 4.6 BILLION IN 2023

(R$ million)	2023	2022	Δ
EBITDA [1]	**3,444**	**2,868**	**576**
Change in WK	1,187	1,309	(121)
Operational Cash Generation	**4,631**	**4,178**	**453**
Capex	(3,198)	(3,296)	98
Commercial Points Acquisition	(2,399)	(345)	(2,054)
Free Cash Generation	**(965)**	**536**	**(1,501)**
Dividends	(89)	(152)	63
Cost of Debt	(1,830)	(1,501)	(329)
Total Cash Generation	**(2,884)**	**(1,117)**	**(1,767)**

[1] Adjusted EBITDA Pre-IFRS16 (excluding equity income)

Operating cash flow in 2023 was R$ 4.6 billion, up 11% from 2022, driven by operational consistency, the normalization of inventories after the historical level of openings in 2022, and by EBITDA growth, boosted by the accelerated maturation of new stores.

Operating cash flow funded 83% of the investments in expansion, which included the opening of new stores (R$ 3.2 billion) and the payment of R$ 2.4 billion for the acquisition of hypermarket points. Note that at the end of 2023, more than 80% of the total transaction amount involving the purchase of commercial points had already been paid and, in January 2024, the Company paid the final installment of around R$ 900 million, including interest.

Cost of debt was R$1.8 billion, mainly affected by higher interest rates.

For 2024, the combination of the lower investments level (between R$ 1.5 billion and R$ 2 billion, with the opening of around 15 stores), the payment of the last installment for the acquisition of hypermarkets (around R$ 900 million in Jan/24 vs. R$ 2.4 billion in 2023) and the downward trend in interest rates will lead to free cash generation higher than in 2023.

DIVIDENDS AND INTEREST ON EQUITY

(R$ million)	2023	2022
Net income (Post IFRS16)	710	1,220
Reserve of tax incentives	(710)	(753)
Legal reserve basis	-	**467**
% Legal reserve	5%	5%
Legal reserve for the year	-	(23)
Dividends Base	-	**444**
Mandatory minimum dividends - 25%	-	111
Interests on Equity - Paid	-	(43)
Dividends proposed to be paid	-	**68**

Due to the constitution of a tax incentive reserve in an amount equal to the net income for the year (R$ 710 million), there will be no payment of interest on equity (JSCP) or distribution of dividends for the 2023 fiscal year.

The Company allocated the amount of R$ 939 million to the tax incentive reserve, of which R$ 710 million constituted in 2023 and R$ 229 million to be recognized when the Company reports income in subsequent periods. The subsidy effect generated a benefit of R$ 319 million in the result for the year.

IFRS16 IMPACTS

With the adoption of IFRS16 in January 2019, a few income statement lines are affected. The table shows the key changes:

	4Q23			4Q22		
(R$ million)	**PRE**	**POST**	**Δ**	**PRE**	**POST**	**Δ**
Selling, General and Administrative Expenses	(1,975)	(1,673)	302	(1,888)	(1,597)	291
Adjusted EBITDA	1,118	1,436	318	840	1,171	331
Adjusted EBITDA Margin	**6.1%**	**7.8%**	***1.7 p.p.***	**5.3%**	**7.3%**	***2.1 p.p.***
Depreciation and Amortization	(246)	(370)	(124)	(174)	(270)	(96)
Net Financial Result	(478)	(736)	(258)	(271)	(445)	(174)
Income Tax and Social Contribution	(37)	(9)	28	3	(17)	(20)
Net Income	343	297	(46)	368	406	38
Net Margin	**1.9%**	**1.6%**	***-0.3 p.p.***	**2.3%**	**2.5%**	***0.2 p.p.***

	2023			2022		
(R$ million)	**PRE**	**POST**	**Δ**	**PRE**	**POST**	**Δ**
Selling, General and Administrative Expenses	(7,390)	(6,242)	1,148	(6,062)	(5,166)	896
Adjusted EBITDA	3,495	4,712	1,217	2,912	3,912	1,000
Adjusted EBITDA Margin	**5.3%**	**7.1%**	***1.8 p.p.***	**5.3%**	**7.2%**	***1.8 p.p.***
Depreciation and Amortization	(934)	(1,394)	(460)	(609)	(919)	(310)
Net Financial Result	(1,833)	(2,731)	(898)	(1,009)	(1,515)	(506)
Income Tax and Social Contribution	118	156	38	(65)	(115)	(50)
Net Income	776	710	(66)	1,125	1,220	95
Net Margin	**1.2%**	**1.1%**	***-0.1 p.p.***	**2.1%**	**2.2%**	***0.2 p.p.***

FORFAIT OPERATIONS

The sale of receivables to a financial institution is a common practice in the retail and the Brazilian market.

In such an operation the Company provides its suppliers the option to be paid in advance through agreements with financial institutions. These agreements aim to provide suppliers with earlier liquidity than they would get if they were paid directly by the Company. The decision of suppliers to enter into such arrangements, referred to as “forfait” or “risco sacado" in Portuguese, is at the sole discretion of the supplier.

If a supplier enters into such an arrangement the financial institution becomes the creditor, and the Company pays the financial institution (instead of the supplier) under the original terms agreed with the supplier. The Company receives a commission from the financial institution for this intermediation, which is recorded as financial revenue. The Supplier accepts to be paid at a discount to the invoiced amount by the financial institution. There is no obligation resulting in additional expenses for the Company, and the liability to the Financial Institution is not considered net debt.

In assessing this matter, the Company's management considered the guidance of CVM SNC/SEP Official Letter No. 01/2022. The Company assessed qualitative aspects of its forfait operations, and concluded that its forfait operations maintain the economic substance of the transaction and do not involve any changes to the originally agreed conditions with suppliers. On December 31st, 2023, the balance payable on these operations was R$ 1,5 billion, including R$ 1.1 billion related to products and R$ 389 million to property and equipment. On December 31st, 2022, the balance payable on these operations was R$ 2.0 billion, of which R$ 813 million related to products and R$ 1.2 billion related to property and equipment.

REDEFINITION OF SUSTAINABILITY STRATEGY AND INCLUSION IN IMPORTANT INDICES FOR THE 2ND STRAIGHT YEAR

The Company's new Sustainability Strategy aims to **boost prosperity for all** through **responsible and transparent operations** with **less environmental impact**, based on three strategic pillars:

- **Efficient operations**: innovations to reduce impact on the climate and ensure more responsible supply chains.
- **People and community development:** promoting prosperity for all, with growth opportunities for employees, entrepreneurs and communities.
- **Ethical and transparent management:** ethical and transparent relationships guided by ESG good practices.

The highlights in 4Q23 include:

EFFICIENT OPERATIONS

- **Reduction of 10% in scope 1[(1)] and 2[(2)] emissions from** 2022, in line with the Company's strategy of combating climate change and its target to reduce emissions by 38% by 2030 (base year 2015).
- Reuse of 44% of waste in treatment processes. The *Destino Certo* program prevented 2,300 tons of fruits and vegetables from being sent to landfills.
- Adherence of 100% of Brazilian beef suppliers to the Company's Social and Environmental Policy. Thus, the Company establishes the obligation, on the part of suppliers, of complying with the guidelines of the beef purchase process, as well as the Brazilian Forest Code and laws in force.
- Compliance with working conditions required by the Company in 100% of the private-label brands.

PEOPLE AND COMMUNITY DEVELOPMENT

- Given the expansion progress, Assaí increased its headcount and continued its efforts to promote an increasingly diverse and inclusive working environment:
    - 43.5% of black people in leadership positions (managers and above);
    - 5.4% of employees with disabilities;
    - 25.0% of women in leadership positions;
    - Women on Board seal, which recognizes companies that have at least two women on the Board of Directors, and the Age Friendly seal, given to organizations considered the best for professionals aged 50 and above.
- More than 480 tons of food were donated to 94 partner social organizations through the *Alimento a gente compartilha* ("Food we share") campaign conducted by Assaí Institute among its customers.
- 1st corporate volunteering action, which benefited more than 150 children and adolescents at the Athlete Training Center Institute.

ETHICAL AND TRANSPARENT MANAGEMENT

- For the 2nd straight year, the Company has been included in the **Corporate Sustainability Index (ISE B3)** and **Carbon Efficient Index (ICO2)**.
- **Classification B in the CDP**, one of the main measurement and disclosure programs for efficient management of risks related to carbon emissions and climate change.

(1) Direct emissions from the company.
(2) Emissions from electricity consumption.

AWARDS AND RECOGNITIONS

The highlights of 4Q23 were:

- **Top of Mind Award** given by Datafolha Institute and announced by the newspaper Folha de S. Paulo. Assaí was the most remembered brand in the "Wholesale" and "Supermarket" categories.
- **Brands in Rio de Janeiro:** 2nd place among the most beloved supermarket brands among the Rio de Janeiro people in a survey by the newspaper O Globo with Troiano Branding.
- **Estadão Empresas Mais:** 14th among the 1,500 largest Brazilian companies. The result is based on a proprietary indicator calculated in accordance with the Austin Rating methodology together with the Institute of Administration (FIA).
- **Companies that Best Communicate with Journalists:** one of the winners in the "Wholesale and Retail" category. The list is based on a poll among nearly 25,000 journalists.
- **Reclame AQUI 2023 and Companies that Most Respect the Consumer (Padrão Group) awards:** The Company ranked 1st in the categories "Supermarkets and Wholesalers" and "Wholesaler".
- **The Best of Dinheiro:** In the national ranking by net sales, Assaí ranked 20th. In the "Retail" category , it ranked 3rd in Governance, 3rd in Financial Sustainability and 2nd in Human Resources.
- **GPTW (Great place to work):** The only Food Retail company recognized, for the 2nd among the 10 best retail companies to work with more than 10,000 employees for its safe and welcoming environment, respecting diversity, recognizing, developing and offering growth opportunities.

ABOUT SENDAS DISTRIBUIDORA S.A.

Assaí Atacadista is a Cash & Carry corporation (company without a single controlling shareholder) established in São Paulo (SP) and which completes 50 years in 2024. It serves small and midsized merchants and consumers who seek greater savings in both unitary or large volume purchases. As Brazil's 2nd largest retailer, it posted gross sales of R$ 72.8 billion in 2023 and became the food network with the biggest presence in Brazilian homes (NielsenIQ Homescan).

Currently, it has 288 stores across all regions in Brazil (24 states and the Federal District), more than 80,000 employees and the Great Place to Work (GPTW) certification. In 2023, it received various honors, such as the most valuable food retail brand (Interbrand and Brand Finance) and Top of Mind leadership in the "Wholesale" category (Datafolha Institute). Assaí is the only exclusively Cash&Carry company whose shares are listed on both the Brazilian stock exchange (B3 – ASAI3) and the New York Stock Exchange (NYSE – ASAI). It is also the only food retailer in the top 10 of the IDIVERSA B3 portfolio, which recognizes publicly held companies with the best indices in racial and gender diversity.

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APPENDICES

OPERATIONAL INFORMATION

I – Number of stores and sales area

# of Stores	4Q19	4Q20	4Q21	4Q22	1Q23	2Q23	3Q23	4Q23
Southeast	93	101	113	138	141	145	149	152
Northeast	42	49	57	74	74	74	76	82
MidWest	16	18	21	25	25	25	25	27
North	10	11	14	17	17	17	17	17
South	5	5	7	9	9	9	9	10
Total	**166**	**184**	**212**	**263**	**266**	**270**	**276**	**288**
Sales Area (thousand sqm meters)	**713**	**809**	**964**	**1,307**	**1,326**	**1,350**	**1,390**	**1,456**

Since the beginning of conversions (3Q22), six stores were closed, one in 3Q22, three in 4Q22, and one each in 2Q23 and 3Q23. During the period, the sales area of five stores in operation was expanded through the conversion project.

FINANCIAL INFORMATION

The financial statements, excluding Appendix III, were prepared in accordance with international standards for financial reports issued by the International Accounting Standards Board – IASB, accounting practices adopted in Brazil, CVM standards and the technical pronouncements of the Accounting Pronouncements Committee (CPC).

II – Income Statement (Post IFRS 16)

(R$ million)	4Q23	4Q22	Δ%	2023	2022	Δ%
Gross Revenue	**20,162**	**17,448**	**15.6%**	**72,785**	**59,684**	**22.0%**
Net Revenue	**18,421**	**15,954**	**15.5%**	**66,503**	**54,520**	**22.0%**
Cost of Goods Sold	**(15,327)**	**(13,196)**	**16.1%**	**(55,600)**	**(45,486)**	**22.2%**
Depreciation (Logistic)	(22)	(20)	10.0%	(82)	(71)	15.5%
Gross Profit	**3,072**	**2,738**	**12.2%**	**10,821**	**8,963**	**20.7%**
Selling Expenses	(1,434)	(1,382)	3.8%	(5,411)	(4,379)	23.6%
General and Administrative Expenses	(239)	(215)	11.2%	(831)	(787)	5.6%
Selling, General and Adm. Expenses	**(1,673)**	**(1,597)**	**4.8%**	**(6,242)**	**(5,166)**	**20.8%**
Equity income	15	10	50.0%	51	44	15.9%
Other Operating Revenue (Expenses), net	(2)	(13)	-84.6%	49	(72)	-168.1%
Depreciation and Amortization	(370)	(270)	37.0%	(1,394)	(919)	51.7%
Earnings Before Interest and Taxes - EBIT	**1,042**	**868**	**20.0%**	**3,285**	**2,850**	**15.3%**
Financial Revenue	69	177	-61.0%	281	394	-28.7%
Financial Expenses	(805)	(622)	29.4%	(3,012)	(1,909)	57.8%
Net Financial Result	**(736)**	**(445)**	**65.4%**	**(2,731)**	**(1,515)**	**80.3%**
Income Before Income Tax	**306**	**423**	**-27.7%**	**554**	**1,335**	**-58.5%**
Income Tax and Social Contribution	(9)	(17)	-47.1%	156	(115)	-235.7%
Net Income for the Year	**297**	**406**	**-26.8%**	**710**	**1,220**	**-41.8%**
EBITDA - (Earnings before Interest, Taxes, Depreciation, Amortization)	**1,434**	**1,158**	**23.8%**	**4,761**	**3,840**	**24.0%**
Adjusted EBITDA (1)	**1,436**	**1,171**	**22.6%**	**4,712**	**3,912**	**20.4%**

% of Net Revenue	4Q23	4Q22	Δ p.p.	2023	2022	Δ p.p.
Gross Profit	**16.7%**	**17.2%**	**-0.5 p.p.**	**16.3%**	**16.4%**	**-0.2 p.p.**
Selling Expenses	-7.8%	-8.7%	0.9 p.p.	-8.1%	-8.0%	-0.1 p.p.
General and Administrative Expenses	-1.3%	-1.3%	0.1 p.p.	-1.2%	-1.4%	0.2 p.p.
Selling, General and Adm. Expenses	**-9.1%**	**-10.0%**	**0.9 p.p.**	**-9.4%**	**-9.5%**	**0.1 p.p.**
Equity Income	0.1%	0.1%	0.0 p.p.	0.1%	0.1%	0.0 p.p.
Other Operating Revenue (Expenses), net	0.0%	-0.1%	0.1 p.p.	0.1%	-0.1%	0.2 p.p.
Depreciation and Amortization	-2.0%	-1.7%	-0.3 p.p.	-2.1%	-1.7%	-0.4 p.p.
EBIT	**5.7%**	**5.4%**	**0.2 p.p.**	**4.9%**	**5.2%**	**-0.3 p.p.**
Net Financial Result	**-4.0%**	**-2.8%**	**-1.2 p.p.**	**-4.1%**	**-2.8%**	**-1.3 p.p.**
Income Before Income Tax	**1.7%**	**2.7%**	**-1.0 p.p.**	**0.8%**	**2.4%**	**-1.6 p.p.**
Income Tax	0.0%	-0.1%	0.1 p.p.	0.2%	-0.2%	0.4 p.p.
Net Income for the Year	**1.6%**	**2.5%**	**-0.9 p.p.**	**1.1%**	**2.2%**	**-1.2 p.p.**
Earnings before Interest, Taxes, Depreciation, Amortization - EBITDA	**7.8%**	**7.3%**	**0.5 p.p.**	**7.2%**	**7.0%**	**0.1 p.p.**
Adjusted EBITDA (1)	**7.8%**	**7.3%**	**0.5 p.p.**	**7.1%**	**7.2%**	**-0.1 p.p.**

(1) *Adjusted for Other Operating Revenue (Expenses)*

II – Income Statement (Pre IFRS 16)

(R$ million)	4Q23	4Q22	Δ%	2023	2022	Δ%
Gross Revenue	**20,162**	**17,448**	**15.6%**	**72,785**	**59,684**	**22.0%**
Net Revenue	**18,421**	**15,954**	**15.5%**	**66,503**	**54,520**	**22.0%**
Cost of Goods Sold	**(15,343)**	**(13,236)**	**15.9%**	**(55,668)**	**(45,590)**	**22.1%**
Depreciation (Logistic)	(10)	(7)	41.6%	(35)	(24)	45.9%
Gross Profit	**3,068**	**2,712**	**13.2%**	**10,799**	**8,906**	**21.3%**
Selling Expenses	(1,734)	(1,669)	3.9%	(6,544)	(5,259)	24.4%
General and Administrative Expenses	(242)	(219)	10.2%	(846)	(803)	5.4%
Selling, General and Adm. Expenses	**(1,975)**	**(1,888)**	**4.6%**	**(7,390)**	**(6,062)**	**21.9%**
Equity income	15	10	53.0%	51	44	15.6%
Other Operating Expenses, net	(4)	(22)	-83.8%	(34)	(81)	-57.9%
Depreciation and Amortization	(246)	(174)	41.0%	(934)	(609)	53.4%
Earnings Before Interest and Taxes - EBIT	**859**	**636**	**34.9%**	**2,491**	**2,199**	**13.3%**
Financial Revenue	69	177	-60.8%	281	394	-28.6%
Financial Expenses	(547)	(448)	22.1%	(2,115)	(1,402)	50.8%
Net Financial Result	**(478)**	**(271)**	**76.3%**	**(1,833)**	**(1,009)**	**81.8%**
Income Before Income Tax	**381**	**365**	**4.2%**	**658**	**1,190**	**-44.7%**
Income Tax and Social Contribution	(37)	3	-1467.5%	118	(65)	-282.0%
Net Income for the Year	**343**	**368**	**-6.7%**	**776**	**1,125**	**-31.0%**
EBITDA - (Earnings before Interest, Taxes, Depreciation, Amortization)	**1,114**	**818**	**36.3%**	**3,461**	**2,832**	**22.2%**
Adjusted EBITDA [(1)]	**1,118**	**840**	**33.1%**	**3,495**	**2,912**	**20.0%**

% of Net Revenue	4Q23	4Q22	Δ p.p.	2023	2022	Δ p.p.
Gross Profit	**16.7%**	**17.0%**	**-0.3 p.p.**	**16.2%**	**16.3%**	**-0.1 p.p.**
Selling Expenses	-9.4%	-10.5%	1.0 p.p.	-9.8%	-9.6%	-0.2 p.p.
General and Administrative Expenses	-1.3%	-1.4%	0.1 p.p.	-1.3%	-1.5%	0.2 p.p.
Selling, General and Adm. Expenses	**-10.7%**	**-11.8%**	**1.1 p.p.**	**-11.1%**	**-11.1%**	**0.0 p.p.**
Equity Income	0.1%	0.1%	0.0 p.p.	0.1%	0.1%	0.0 p.p.
Other Operating Expenses, net	0.0%	-0.1%	0.1 p.p.	-0.1%	-0.1%	0.1 p.p.
Depreciation and Amortization	-1.3%	-1.1%	-0.2 p.p.	-1.4%	-1.1%	-0.3 p.p.
EBIT	**4.7%**	**4.0%**	**0.7 p.p.**	**3.7%**	**4.0%**	**-0.3 p.p.**
Net Financial Result	**-2.6%**	**-1.7%**	**-0.9 p.p.**	**-2.8%**	**-1.9%**	**-0.9 p.p.**
Income Before Income Tax	**2.1%**	**2.3%**	**-0.2 p.p.**	**1.0%**	**2.2%**	**-1.2 p.p.**
Income Tax	-0.2%	0.0%	-0.2 p.p.	0.2%	-0.1%	0.3 p.p.
Net Income for the Year	**1.9%**	**2.3%**	**-0.4 p.p.**	**1.2%**	**2.1%**	**-0.9 p.p.**
Earnings before Interest, Taxes, Depreciation, Amortization - EBITDA	**6.0%**	**5.1%**	**0.9 p.p.**	**5.2%**	**5.2%**	**0.0 p.p.**
Adjusted EBITDA [(1)]	**6.1%**	**5.3%**	**0.8 p.p.**	**5.3%**	**5.3%**	**0.0 p.p.**

[(1)] *Adjusted for Other Operating Revenue (Expenses)*

IV – Balance Sheet (Post IFRS 16)

ASSETS

(R$ million)	31.12.2023	31.12.2022
Current Assets	**14,616**	**14,179**
Cash and cash equivalent	5,459	5,842
Trade receivables	1,199	570
Inventories	6,664	6,467
Recoverable taxes	1,100	1,055
Derivative financial instruments	48	27
Assets held for sale	-	95
Other accounts receivable	146	123
Non-current assets	**28,561**	**26,439**
Deferred income tax and social contribution	171	6
Recoverable taxes	573	927
Derivative financial instruments	226	155
Related parties	23	252
Restricted deposits for legal proceedings	44	56
Other accounts receivable	118	9
Investments	864	833
Property, plan and equipment	13,148	11,582
Intangible assets	5,172	5,000
Right-of-use assets	8,222	7,619
TOTAL ASSETS	**43,177**	**40,618**

LIABILITIES

(R$ million)	31.12.2023	31.12.2022
Current Liabilities	**16,425**	**16,416**
Trade payables, net	9,759	8,538
Trade payables - Agreements	1,459	2,039
Trade payables - Agreements - Acquisition of hypermarkets	892	2,422
Borrowings	36	829
Debentures and promissory notes	2,079	431
Payroll and related taxes	624	584
Lease liabilities	532	435
Related parties	-	201
Taxes payable	298	265
Deferred revenues	418	328
Dividends and Interest on own Capital	-	111
Other accounts payable	328	233
Non-current liabilities	**22,122**	**20,306**
Trade payables, net	38	-
Trade payables - Agreements - Acquisition of hypermarkets	-	780
Borrowings	1,947	737
Debentures and promissory notes	11,122	10,594
Provision for legal proceedings	263	165
Related parties	-	60
Lease liabilities	8,652	7,925
Deferred revenues	37	31
Other accounts payable	63	14
Shareholders' Equity	**4,630**	**3,896**
Share capital	1,272	1,263
Capital reserve	56	36
Earnings reserve	3,309	2,599
Other comprehensive results	(7)	(2)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**43,177**	**40,618**

V – Cash Flow (Post IFRS 16)

(R$ million)	31.12.2023	31.12.2022
Net income for the year	**710**	**1,220**
Deferred income tax and social contribution	(162)	40
(Gain) loss on disposal of property, plant and equipment and lease	(55)	34
Depreciation and amortization	1,476	990
Interests and monetary variation	2,853	1,827
Share of profit and loss of associate	(51)	(44)
Provision (reverse) of legal proceedings	151	(7)
Provision of stock option	20	18
Allowance for inventory losses and damages	538	418
Expected credit loss for doubtful accounts	4	7
	5,484	**4,503**
Variation of operating assets		
Trade receivables	(640)	(313)
Inventories	(735)	(2,505)
Recoverable taxes	352	(336)
Dividends received	20	16
Other assets	(14)	9
Related parties	(5)	196
Restricted deposits for legal proceedings	12	63
	(1,010)	**(2,870)**
Variation of operating liabilities		
Trade payables	1,498	3,175
Payroll and related taxes	40	159
Taxes and social contributions payable	40	101
Other accounts payable	(114)	57
Payment for legal proceedings	(71)	(49)
Deferred revenues	96	68
	1,489	**3,511**
Net cash generated by operating activities	**5,963**	**5,144**
Cash flow from investment activities		
Purchase of property, plant and equipment	(3,116)	(3,524)
Purchase of intangible assets	(169)	(636)
Purchase of assets held for sale	-	(250)
Proceeds from property, plant and equipment	19	-
Proceeds from assets held for sale	211	620
Net cash used in investment activities	**(3,055)**	**(3,790)**
Cash flow from financing activities		
Capital contribution	9	11
Proceeds from borrowings	3,392	4,001
Cost of funding of borrowings	(142)	(42)
Payments of borrowings	(1,499)	(183)
Payments of interest on borrowings	(1,085)	(783)
Dividend and Interest on own capital paid	(118)	(168)
Payments of lease liabilities	(262)	(126)
Payment of interest on lease liability	(977)	(772)
Payment of acquisition of hypermarkets	(2,609)	-
Net cash (used in) generated by financing activities	**(3,291)**	**1,938**
Cash and cash equivalents at the beginning of the year	5,842	2,550
Cash and cash equivalents at the end of the year	5,459	5,842
Net (decrease) increase in cash and cash equivalents	**(383)**	**3,292**

Deloitte.

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

Sendas Distribuidora S.A.

Financial Statements
for the Year Ended
December 31, 2023 and
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Shareholders and Board of Directors of
Sendas Distribuidora S.A.

Opinion

We have audited the accompanying financial statements of Sendas Distribuidora S.A. ("Company"), which comprise the balance sheet as at December 31, 2023, and the related statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sendas Distribuidora S.A. as at December 31, 2023, and the results of its operations and of its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRSs, as issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical requirements set out in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not provide a separate opinion on these matters.

Recoverability of ICMS tax credits

Why it is a KAM

As described in note 9.1 to the financial statements, at December 31, 2023, the Company had recoverable ICMS tax credits amounting to R$1,085 million, whose recoverability depends on the generation of sufficient amounts of ICMS tax payable in the future. In assessing the recoverability of these tax credits, Management uses projections of revenues, costs and expenses, as well as other information used in estimating the timing and nature of the future amounts of ICMS tax payable, which are based on estimates and assumptions of future business performance and market conditions, as well as expectations as to applicable tax regulations and adoption of special tax regime obtained by the Company and used in the ICMS computation for certain States.Auditing the recoverability of ICMS tax credits was considered especially challenging due to: (i) the magnitude of amounts involved; and (ii) the high degree of complexity involved in the Brazilian indirect State tax legislation and in Management's assessment process, which requires significant judgment by Management and includes significant assumptions in the estimation of the timing and amounts of future ICMS tax payable that could be affected by future market or economic conditions and events and by matters related to the special tax regime and potential changes in State tax legislation.

<u>How the matter was addressed in our audit</u>

Our audit procedures included, among others:

- We obtained an understanding, evaluated the design and implementation and tested the operating effectiveness of relevant internal controls over Management's assessment of the recoverability of ICMS tax credits, including relevant internal controls over projections prepared by Management and approved by those charged with governance, used in the recoverability assessment.
- We evaluated the significant assumptions used by Management in its recoverability assessment and tested the completeness and accuracy of the underlying data supporting the significant assumptions.
- With the assistance of our tax specialists, we evaluated the application of tax laws and special tax regimes used in the recoverability assessment.
- We tested the data used by Management in determining the recorded amounts for recoverable tax credits, comparing inputs to internal data and testing the accuracy and completeness of calculations.
- We evaluated the related disclosures in the financial statements.

Based on the evidence obtained through our audit procedures described above, we consider that the recoverability of these tax credits and related disclosures in the notes to the financial statements are acceptable in the context of the financial statements taken as a whole.

Provisions and Tax contingencies

<u>Why it is a KAM</u>

As described in notes 17.1 and 17.4 to the financial statements, the Company is party to a significant number of administrative and legal proceedings arising from various tax claims and assessments. Based on the opinions and with the support of its internal and external legal counsel, Management assesses the likelihood of loss related to these tax claims and assessments, and records provisions when the likelihood of loss is assessed as probable and the amounts can be estimated. As of December 31, 2023, Management has recorded provisions in the amount of R$62 million. Additional claims and assessments of R$2,173 million were outstanding as of December 31, 2023, for which no provision was recorded. Out of this amount, R$1,494 million is subject of reimbursement from its former controlling shareholders, under the separation agreement signed by the parties. Management uses significant judgment in evaluating the merits of each claim and assessment and in evaluating the likelihood and potential amounts of loss, considering the complexity of the Brazilian tax environment and legislation, including existence and interpretation of applicable jurisprudence and case law. Management evaluation also involves assistance from internal and external legal counsels of the Company.

Auditing Management's assessment of the likelihood of loss on tax claims was considered especially challenging due to: (i) the complexity involved in the evaluation and interpretation of applicable tax legislation, case law, and applicable jurisprudence, which requires a high degree of judgment applied by Management and the assistance of the Company's internal and external counsels; (ii) the amounts involved and the significant estimate uncertainty related to the ultimate outcome and timing of court decisions; and (iii) the additional audit efforts, which include the involvement of our tax specialists.

<u>How the matter was addressed in our audit</u>

Our audit procedures included, among others:

- We obtained an understanding, evaluated the design and implementation, and tested the operating effectiveness of relevant internal controls over the identification and evaluation of tax claims and assessments, including the assumptions and technical merits of tax positions used in the evaluation of the likelihood of loss, as well as the processes to measure, record and disclose the amounts related to tax contingencies.

- We read and obtained an understanding on indemnification agreements entered by the Company and former controlling entity.

- We tested the completeness of the tax contingencies subject to evaluation by the Company.

- With the assistance of our tax specialists, we evaluated Management's assessment of the likelihood and estimate of loss for a sample of material tax contingencies, which included:

  - Obtaining an understanding and evaluating Management's judgments, the technical merits and documentation supporting Management's assessment, including reading and evaluating tax opinions or other third-party tax advice obtained from the Company's external tax and legal counsel.

  - Inspecting and evaluating the responses to external confirmations sent to key external tax and legal advisers of the Company.

  - Challenging Management's assessment using our knowledge of, and experience with, the application of tax laws and developments in the applicable regulatory and tax environments.

  - Testing the assumptions, underlying data and accuracy of the calculation of the amounts related to recorded tax provisions and disclosed tax contingencies.

- We also evaluated the related disclosures in the financial statements.

Based on the evidence obtained through our audit procedures described above, we consider that Management's assessment of the likelihood of loss on tax claims and related disclosures in the notes to the financial statements are acceptable in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The statement of value added ("DVA") for the year ended December 31, 2023, prepared under the responsibility of the Company's Management and presented as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these statements are reconciled with the other financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the financial statements taken as a whole.

Other information accompanying the financial statements and the independent auditor’s report.

Management is responsible for the other information. Such other information comprises the Management Report.

Our opinion on the financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and the IFRSs, issued by the IASB, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance a statement that we have complied with the relevant ethical requirements, including independence requirements, and communicate all relationships or matters that could considerably affect our independence, including, when applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 21, 2024

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Eduardo Franco Tenório
Engagement Partner

SENDAS DISTRIBUIDORA S.A.
BALANCE SHEET
AS OF DECEMBER 31, 2023
(In millions of Brazilian Reais)

ASSETS	Note	12/31/2023	12/31/2022
Current assets			
Cash and cash equivalents	6	**5,459**	5,842
Trade receivables	7	**1,199**	570
Inventories	8	**6,664**	6,467
Recoverable taxes	9	**1,100**	1,055
Derivative financial instruments	16.9	**48**	27
Other accounts receivable		**146**	123
		14,616	14,084
Assets held for sale	27	**-**	95
Total current assets		**14,616**	14,179
Non-current assets			
Recoverable taxes	9	**573**	927
Deferred income tax and social contribution	19.2	**171**	6
Derivative financial instruments	16.9	**226**	155
Related parties	10.1	**23**	252
Restricted deposits for legal proceedings	17.6	**44**	56
Other accounts receivable		**118**	9
		1,155	1,405
Investments	11	**864**	833
Property, plant and equipment	12.2	**13,148**	11,582
Intangible assets	13.1	**5,172**	5,000
Right-of-use assets	14.1	**8,222**	7,619
		27,406	25,034
Total non-current assets		**28,561**	26,439
TOTAL ASSETS		**43,177**	40,618

The accompanying notes are an integral part of these financial statements.

SENDAS DISTRIBUIDORA S.A.
BALANCE SHEET
AS OF DECEMBER 31, 2023
(In millions of Brazilian Reais)

LIABILITIES	Note	12/31/2023	12/31/2022
Current liabilities			
Trade payables, net	15	**9,759**	8,538
Trade payables - Agreements	15.2	**1,459**	2,039
Trade payables - Agreements - Acquisition of hypermarkets	15.3	**892**	2,422
Borrowings	16.9	**36**	829
Debentures and promissory notes	16.9	**2,079**	431
Payroll and related taxes		**624**	584
Lease liabilities	14.2	**532**	435
Related parties	10.1	**-**	201
Taxes payable		**298**	265
Deferred revenues	18	**418**	328
Dividends and interest on own capital	20.2	**-**	111
Other accounts payable		**328**	233
Total current liabilities		**16,425**	16,416
Non-current liabilities			
Trade payables, net	15	**38**	-
Trade payables - Agreements - Acquisition of hypermarkets	15.3	**-**	780
Borrowings	16.9	**1,947**	737
Debentures and promissory notes	16.9	**11,122**	10,594
Provision for legal proceedings	17	**263**	165
Related parties	10.1	**-**	60
Lease liabilities	14.2	**8,652**	7,925
Deferred revenues	18	**37**	31
Other accounts payable		**63**	14
Total non-current liabilities		**22,122**	20,306
SHAREHOLDERS´ EQUITY			
Share capital	20.1	**1,272**	1,263
Capital reserves		**56**	36
Earnings reserves		**3,309**	2,599
Other comprehensive income		**(7)**	(2)
Total shareholders' equity		**4,630**	3,896
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**43,177**	40,618

The accompanying notes are an integral part of these financial statements.

SENDAS DISTRIBUIDORA S.A.
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In millions of Brazilian Reais, unless otherwise stated)

	Note	12/31/2023	12/31/2022
Net operating revenue	21	**66,503**	54,520
Cost of sales	22	**(55,682)**	(45,557)
Gross profit		**10,821**	8,963
Operating expenses, net			
Selling expenses	22	**(5,411)**	(4,379)
General and administrative expenses	22	**(831)**	(787)
Depreciation and amortization		**(1,394)**	(919)
Share of profit of associates	11	**51**	44
Other operating revenues (expenses), net	23	**49**	(72)
		(7,536)	(6,113)
Operating profit before financial result		**3,285**	2,850
Financial revenues	24	**281**	394
Financial expenses	24	**(3,012)**	(1,909)
Net financial result		**(2,731)**	(1,515)
Income before income tax and social contribution		**554**	1,335
Income tax and social contribution	19.1	**156**	(115)
Net income for the year		**710**	1,220
Basic earnings per millions shares in Brazilian reais (weighted average for the year - R$)			
Common shares	25	**0.525574**	0.905322
Diluted earnings per millions shares in Brazilian reais (weighted average for the year - R$)			
Common shares	25	**0.524174**	0.901589

The accompanying notes are an integral part of these financial statements.

SENDAS DISTRIBUIDORA S.A.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(In millions of Brazilian Reais)

	12/31/2023	12/31/2022
Net income for the year	**710**	1,220
Items that may be subsequently reclassified into the statement of operations		
Fair value of receivables	**(7)**	(2)
Income tax effect	**2**	1
Total comprehensive income for the year	**705**	1,219

The accompanying notes are an integral part of these financial statements.

SENDAS DISTRIBUIDORA S.A.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(In millions of Brazilian Reais)

				Earnings reserves						
	Note	Share capital	Capital reserves	Legal reserve	Expansion reserve	Tax incentive reserve	Profit Reserve	Retained earnings	Other comprehensive income	Total
As of January 1, 2022		788	18	157	-	709	1,095	-	(1)	2,766
Other comprehensive income										
Net income for the year		-	-	-	-	-	-	1,220	-	1,220
Fair value of receivables		-	-	-	-	-	-	-	(2)	(2)
Income tax effect		-	-	-	-	-	-	-	1	1
Comprehensive income for the year		-	-	-	-	-	-	1,220	(1)	1,219
Capital contribution		11	-	-	-	-	-	-	-	11
Capital contribution - capitalization of reserves		464	-	-	-	-	(464)	-	-	-
Stock options granted		-	18	-	-	-	-	-	-	18
Interest on own capital		-	-	-	-	-	-	(50)	-	(50)
Dividends		-	-	-	-	-	-	(68)	-	(68)
Tax incentive reserve		-	-	-	-	753	-	(753)	-	-
Expansion reserve		-	-	-	632	-	(632)	-	-	-
Legal reserve		-	-	23	-	-	-	(23)	-	-
Profit reserve		-	-	-	-	-	326	(326)	-	-
As of December 31, 2022		1,263	36	180	632	1,462	325	-	(2)	3,896
Other comprehensive income										
Net income for the year		**-**	**-**	**-**	-	**-**	**-**	**710**	**-**	**710**
Fair value of receivables		**-**	**-**	**-**	-	**-**	**-**	**-**	**(7)**	**(7)**
Income tax effect		**-**	**-**	**-**	-	**-**	**-**	**-**	**2**	**2**
Comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**710**	**(5)**	**705**
Capital contribution	20.1	**9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9**
Stock options granted		**-**	**20**	**-**	**-**	**-**	**-**	**-**	**-**	**20**
Tax incentive reserve	20.5	**-**	**-**	**-**	**-**	**710**	**-**	**(710)**	**-**	**-**
Expansion reserve	20.4	**-**	**-**	**-**	**325**	**-**	**(325)**	**-**	**-**	**-**
As of December 31, 2023		**1,272**	**56**	**180**	**957**	**2,172**	**-**	**-**	**(7)**	**4,630**

The accompanying notes are an integral part of these financial statements.

SENDAS DISTRIBUIDORA S.A.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In millions of Brazilian Reais)

	12/31/2023	12/31/2022
Cash flow from operating activities		
Net income for the year	**710**	1,220
Adjustments to reconcile net income for the year		
Deferred income tax and social contribution	**(162)**	40
(Gain) loss of disposal of property, plant and equipment and leasing	**(55)**	34
Depreciation and amortization	**1,476**	990
Financial charges	**2,853**	1,827
Share of profit of associate	**(51)**	(44)
Provision (reversal) for legal proceedings	**151**	(7)
Provision for stock option	**20**	18
Allowance for inventory losses and damages	**538**	418
Expected credit loss for doubtful accounts	**4**	7
	5,484	4,503
Variations in operating assets and liabilities		
Trade receivables	**(640)**	(313)
Inventories	**(735)**	(2,505)
Recoverable taxes	**352**	(336)
Restricted deposits for legal proceedings	**12**	63
Other assets	**(14)**	9
Trade payables	**1,498**	3,175
Payroll and related taxes	**40**	159
Related parties	**(5)**	196
Payment for legal proceedings	**(71)**	(49)
Taxes and social contributions payable	**40**	101
Deferred revenue	**96**	68
Dividends received	**20**	16
Other liabilities	**(114)**	57
	479	641
Net cash generated by operating activities	**5,963**	5,144
Cash flow from investment activities		
Purchase of property, plant and equipment	**(3,116)**	(3,524)
Purchase of intangible assets	**(169)**	(636)
Purchase of assets held for sale	**-**	(250)
Proceeds from property, plant and equipment	**19**	-
Proceeds from assets held for sale	**211**	620
Net cash used in investment activities	**(3,055)**	(3,790)
Cash flow from financing activities		
Capital contribution	**9**	11
Proceeds from borrowings	**3,392**	4,001
Borrowing costs	**(142)**	(42)
Payment of borrowings	**(1,499)**	(183)
Payment of interest on borrowings	**(1,085)**	(783)
Dividends and interest on own capital paid	**(118)**	(168)
Payment of lease liabilities	**(262)**	(126)
Payment of interest on lease liabilities	**(977)**	(772)
Payment of acquisition of hypermarkets	**(2,609)**	-
Net cash (used in) generated by financing activities	**(3,291)**	1,938
Net (decrease) increase in cash and cash equivalents	**(383)**	3,292
Cash and cash equivalents at the beginning of the year	**5,842**	2,550
Cash and cash equivalents at the end of the year	**5,459**	5,842

The accompanying notes are an integral part of these financial statements.

SENDAS DISTRIBUIDORA S.A.
STATEMENTS OF VALUE ADDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In millions of Brazilian Reais)

	12/31/2023	12/31/2022
Revenues		
Sales of goods and services	**72,638**	59,575
Expected credit loss for doubtful accounts	**(4)**	(7)
Other (expenses) revenues, net	**(5)**	231
	72,629	59,799
Products acquired from third parties		
Cost of Sales	**(60,648)**	(49,983)
Materials, energy, outsourced services and others	**(3,110)**	(2,920)
	(63,758)	(52,903)
Gross value added	**8,871**	6,896
Retention		
Depreciation and amortization	**(1,476)**	(990)
Net value added produced	**7,395**	5,906
Value added received in transfer		
Share of profit of associates	**51**	44
Financial revenues	**295**	413
	346	457
Total value added to distribute	**7,741**	6,363
Personnel	**3,588**	2,970
Direct compensation	**2,404**	1,960
Benefits	**889**	755
Government severance indemnity fund for employees (FGTS)	**196**	155
Others	**99**	100
Taxes, fees and contributions	**316**	211
Federal	**39**	61
State	**120**	59
Municipal	**157**	91
External financiers	**3,127**	1,962
Interest	**3,087**	1,922
Rentals	**40**	40
Shareholders' remuneration	**710**	1,220
Interest on own capital	**-**	50
Dividends	**-**	68
Retained earnings	**710**	1,102
Total value added distributed	**7,741**	6,363

The accompanying notes are an integral part of these financial statements.

1 CORPORATE INFORMATION

Sendas Distribuidora S.A. ("Company" or "Sendas") is a publicly held company listed in the Novo Mercado segment of B3 S.A. - Brasil, Bolsa, Balcão (B3), under ticker symbol "ASAI3" and on the New York Stock Exchange (NYSE), under ticker symbol "ASAI". The Company is primarily engaged in the retail and wholesale of food products, bazaar items and other products through its chain of stores, operated under "ASSAÍ" brand, since this is the only disclosed segment. The Company's registered office is at Avenida Ayrton Senna, 6.000, Lote 2 - Anexo A, Jacarepaguá, in the State of Rio de Janeiro. As of December 31, 2023, the Company operated 288 stores (263 stores as of December 31, 2022) and 11 distribution centers (12 distribution centers as of December 31, 2022) in the five regions of the country, with operations in 24 states and in the Federal District.

1.1 Key matters

Disposal of ownership interest of the Casino Group, see note 10.1.

Acquisition of hypermarkets by Assaí, see notes 13.1, 15.3 and 27.

1.2 Going concern analysis

Management has assessed the Company's ability to continue operating in a foreseeable future and concluded that Company has ability to maintain its operations and systems working regularly. Therefore, Management is not aware of any material uncertainty that could indicate significant doubts about its ability to continue operating and the financial statements have been prepared based on the assumption of business continuity.

2 BASIS OF PREPARATION AND DISCLOSURE OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and accounting practices adopted in Brazil law 6,404/76 and technical pronouncements and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM").

The financial statements have been prepared based on the historical cost basis, except for: (i) certain financial instruments; and (ii) assets and liabilities arising from business combinations measured at their fair values, when applicable. In accordance with OCPC 07 - Presentation and Disclosures in General Purpose - Financial Statements, all significant information related to the financial statements, and only them, is being disclosed and is consistent with the information used by Management in managing of the Company's activities.

The financial statements are presented in millions of Brazilian Reais (R$), which is the Company's functional currency.

The financial statements for the year ended December 31, 2023 were approved by the Board of Directors on February 21, 2024.

3 MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies and practices are described in each corresponding explanatory note, except for those below that are related to more than one explanatory note. Accounting policies and practices have been consistently applied to the years presented.

3.1 Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated into Brazilian Reais, using the spot exchange rate at the end of each reporting period. Gains or losses on changes in exchange rate variations are recognized as financial revenues or expense.

3.2 Classification of assets and liabilities as current and non-current

Assets (with the exception of deferred income tax and social contribution) that are expected to be realized or that are intended to be sold or consumed within twelve months, as of the balance sheet dates, are classified as current assets. Liabilities (with the exception of deferred income tax and social contribution) expected to be settled within twelve months from the balance sheet dates are classified as current. All other assets and liabilities (including deferred tax taxes) are classified as "non-current".

Long-term assets and liabilities are not adjusted to present value at initial recognition as their effects are immaterial.

Deferred tax assets and liabilities are classified as "non-current", net by legal entity, as provided for in accounting pronouncement CPC 32/IAS 12 - Income Taxes.

3.3 Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets of the arrangement and have obligations for the liabilities related to the business. These parties are called joint venturers. Joint control is the contractually agreed sharing of business control, which exists only when decisions about the relevant activities require the unanimous consent of the parties who share control.

Jointly-controlled subsidiary is accounted in the equity method, see note 11.

(In million of Brazilian reais, unless otherwise stated)

3.4 Investment grants

Investment grants are recognized when there is reasonable assurance that the entity will comply with all conditions established and related to the grant and that the grant will be received. When the benefit relates to an expense item, it is recognized as revenue over the period of the benefit systematically in relation to the respective expenses for whose benefit it is intended to offset. When the benefit relates to an asset, it is recognized as deferred revenue in liabilities and on a systematic and rational basis over the useful life of the asset.

3.5 Dividends

The distribution of dividends to the Company's shareholders is recognized as a liability at the end of the year, based on the minimum mandatory dividends defined in the bylaws. Any amounts exceeding this minimum are recorded only on the date on which such additional dividends are approved by the Company's shareholders, see note 20.2.

3.6 Statement of cash flows interest payments

The interest payments on borrowings and lease settled by the Company are being disclosed in the financing activities in conjunction with payments of related borrowings and lease, in accordance with CPC 03 (R2)/IAS7 – Statement of Cash Flows.

3.7 Statement of value added

The statement of value added intends to evidence the wealth created by the Company and its distribution in a given year and is presented as required by Brazilian Corporation Law as part of its financial statements, as it is neither mandatory nor established by IFRS.

This statement was prepared based on information obtained from accounting records which provide the basis for the preparation of the financial statements, additional records, and in accordance with technical pronouncement CPC 09 – Statement of Value Added. The first part presents the wealth created by the Company, represented by revenue (gross sale revenue, including taxes, other revenue and the effects of the allowance for doubtful accounts), inputs acquired from third parties (cost of sales and acquisition of materials, energy and outsourced services, including taxes at the time of acquisition, the effects of losses and the recovery of assets, and depreciation and amortization) and value added received from third parties (equity in the earnings of subsidiaries, financial revenues and other revenues). The second part of the statement presents the distribution of wealth among personnel, taxes, fees and contributions; and value distributed to third party creditors and shareholders.

4 ADOPTION OF NEW PROCEDURES, AMENDMENTS TO AND INTERPRETATIONS OF EXISTING STANDARDS ISSUED BY THE IASB AND CPC AND PUBLISHED STANDARDS EFFECTIVE FROM 2023

4.1 Amendments to IFRSs and new interpretations of mandatory application starting at the current year

In 2023, the Company evaluated the amendments and new interpretations to the CPCs and IFRSs issued by the CPC and IASB, respectively, which are effective for accounting periods beginning on or after January 1, 2023. The main changes applicable to the Company are:

Pronouncement	Description
Amendments to IAS 1 Presentation of Financial Statements and IFRS Statement of Practice 2 - Making Materiality Judgments	It changes the requirements in IAS 1 with regard to disclosure of accounting policies. Only the policies that, together with other information in the financial statements, can reasonably influence decisions. Policies related to immaterial transactions do not need to be disclosed, but policies may be significant due to their nature even if the amounts are immaterial. However, not all significant policy information is in itself material.
Amendments to IAS 12/CPC 32 - Deferred Tax Related to Assets and Liabilities Resulting from a Single Transaction	The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption to transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.
Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Rectification of Errors — Definition of Accounting Estimates	The amendments to IAS 8 refer to situations that requiring changes in accounting policies and reinforce that they should only occur if required by standard or implementation of IASB or if they result in financial statements that are more reliable and material.

The adoption of these standards did not result in a material impact on the Company's financial statements.

(In million of Brazilian reais, unless otherwise stated)

4.2 New and revised standards and interpretations issued but not yet adopted

The Company evaluated all new and revised CPCs and IFRSs, already issued and not yet effective, however did not adopt them in advance, of which the most significant are:

Pronouncement	Description	Applicable to annual periods beginning on or after
Amendments to IFRS 10/CPC 36 (R3) and IAS 28/CPC 18 (R2) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments to IFRS 10 (CPC 36 (R3)) and IAS 28 (CPC 18 (R2)) deal with situations that involve the sale or contribution of assets between an investor and its associate or joint venture. Specifically the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or joint venture that is accounted for using the equity method, are recognized in the parent company's statement of operations only in proportion to the interests of the unrelated investor in this affiliate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in a former controlled company (that has become an associate or joint venture that is accounted for using the equity method) to fair value are recognized in the statement of operations of the former controlling company in proportion to the investor's shares not related to the new associate or joint venture.	1/1/2024
Amendments to IAS 1/ CPC 26 (R1): - Classification of liabilities as current and non-current	The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the balance sheet and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	1/1/2024
Amendments to IAS 1 – Presentation of Financial Statements – Non-Current Liabilities with Covenants	IAS 1 requires debt to be classified as non-current only if the company can defer the settlement of the debt in the 12 months after the reporting date. The purpose of this initiative is regarding to improve the information disclosed by companies regarding long-term debt with covenants, and allow investors to understand the risk that a certain debt would become payable in advance.	1/1/2024
Amendments to IFRS 7/IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures - Supplier Financing Agreements	The amendments include a disclosure objective in IAS 7 stating that an entity must disclose information on its supplier financing arrangements that allows users of financial statements to assess the effects of these arrangements on the entity's liabilities and cash flows. Additionally, IFRS 7 was amended to include supplier financing agreements within the requirements to disclosure of information on the entity's exposure to liquidity risk concetration.	1/1/2024
Amendments to IFRS 16 - Lease liabilities in a "Sale and Leaseback" transaction	Under the amendments, the seller-lessee must not recognize a gain or loss related to the right of use retained by the seller-lessee.	1/1/2024

The amendments are not expected to have a significant impact on the Company's financial statements.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires Management to makes judgments and estimates and adopt assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period, however, the uncertainties about these assumptions and estimates may generate results that require substantial adjustments to the carrying amount of the asset or liability in future periods.

(In million of Brazilian reais, unless otherwise stated)

In the process of applying the Company's accounting policies, Management has made the following judgments, which have the most significant impact on the amounts recognized in the financial statements, as disclosed in the following explanatory notes:

Accounting Policy	Note
Impairment	7.3,12.1, 13.2 and 13.3
Inventories: allowance for inventory losses	8.2
Recoverable taxes: expected realization of tax credits	9
Leasing operations: determination of the lease term, and incremental interest rate	14.2
Measurement of the fair value of derivatives and other financial instruments	16.8
Provision for legal proceedings: Record of provision for claims with likelihood assessed as probable loss estimated with a certain degree of reasonability	17
Income tax: provisions based on reasonable estimates, including uncertain tax treatments	17.4.1 and 19
Share-based payments: estimate of fair value of operations based on a valuation model	20.6

6 CASH AND CASH EQUIVALENTS

Cash and equivalents comprise the bank accounts and short-term, highly liquid investments, immediately convertible into known cash amounts, and subject to an insignificant risk of change in value, with intention and possibility to be redeemed in the short term, within 90 days as of the date of investment, without losing income.

	12/31/2023	12/31/2022
Cash and bank accounts	**352**	213
Cash and bank accounts - Abroad (i)	**22**	24
Financial investments (ii)	**5,085**	5,605
	5,459	5,842

(i) As of December 31, 2023, the Company had funds held abroad, of which R$22 in US dollars (R$24 in US dollars as of December 31, 2022).

(ii) As of December 31, 2023, the financial investments refer to the repurchase and resale agreements and Bank Deposit Certificates - CDB, with a weighted average interest rate of 95.92% of the CDI - Interbank Deposit Certificate (92.80% of the CDI as of December 31, 2022).

The Company's exposure to interest rate indexes and the sensitivity analysis for these financial assets are disclosed in note 16.7.

7 TRADE RECEIVABLES

Trade receivables are initially recorded at the transaction amount, which corresponds to the sale value, and are subsequently measured according to the portfolio: (i) fair value through other comprehensive income, in the case of receivables from credit card companies and (ii) amortized cost, for other customer portfolio.

	Note	12/31/2023	12/31/2022
From sales with:			
Credit card	7.1	**589**	241
Credit card - related parties	10.1	**211**	49
Ticket and slips	7.1 and 7.2	**333**	249
Related parties	10.1	**-**	24
Suppliers and others		**81**	18
		1,214	581
Expected credit loss for doubtful accounts	7.3	**(15)**	(11)
		1,199	570

The breakdown of trade receivables by their gross amount by maturity period is presented below:

			Overdue	
	Total	Due	Less than 30 days	Over 30 days
December 31, 2023	**1,214**	**1,202**	**5**	**7**
December 31, 2022	581	576	4	1

7.1 Assignment of receivables

The Company assigned part of its receivables referring to credit cards and tickets with operators, without any right of recourse, aiming to anticipate its cash flow. As of December 31, 2023, the volume of these operations is R$2,757 (R$2,785 as of December 31, 2022). The amount was derecognized from the balance of trade receivables, since all risks related to the receivables were substantially transferred. The cost to advance these credit card receivables is classified as “Cost and discount of receivables” in note 24.

7.2 Tickets and slips

Refers to amounts derived from transactions through receipts: (i) tickets and meal vouchers R$185 (R$134 as of December 31, 2022); and (ii) payment slips R$148 (R$115 as of December 31, 2022).

(In million of Brazilian reais, unless otherwise stated)

7.3 Expected credit loss for doubtful accounts

Losses are recorded based on quantitative and qualitative analysis, the track record of effective losses in the last 24 months, the credit assessment, and considering information on assumptions and projections relating to macroeconomic events, such as unemployment index and consumer confidence index, as well as the volume of credits overdue in the trade receivable portfolio. The Company opted for measuring provisions for trade receivable losses by an amount equal to the expected credit loss for the entire life, by adopting a matrix of losses for each level of maturity.

The balance is measured at amortized cost is stated as a reducer of its accounting balance.

	12/31/2023	12/31/2022
At the beginning of the year	**(11)**	(6)
Additions	**(50)**	(36)
Reversals	**46**	31
At the end of the year	**(15)**	(11)

8 INVENTORIES

Inventories are accounted for at acquisition cost and valued at cost or net realizable value, whichever is the lowest. Inventories acquired are recorded by average cost, including the storage and handling costs, to the extent these costs are necessary to bring inventories to their sale condition at stores, less bonuses received from suppliers.

Net realizable value is the selling price in the ordinary course of business, less the estimated costs necessary to make the sale, such as (i) taxes levied on sales; (ii) personnel expenses directly linked to sales; (iii) cost of sales; and (iv) other costs required to make goods available for sale.

	Note	12/31/2023	12/31/2022
Stores		**6,033**	5,914
Distribution centers		**1,237**	1,139
Commercial agreements	8.1	**(525)**	(518)
Inventory losses	8.2	**(81)**	(68)
		6,664	6,467

8.1 Commercial agreements

As of December 31, 2023, the amount of unrealized commercial agreements, presented as a reduction of inventory balance, totaled R$525 (R$518 as of December 31, 2022).

8.2 Inventory losses

Inventories are reduced to their recoverable value through estimates for losses, breakage, slow goods turnover and estimated losses for goods that will be sold with a negative gross margin, which is periodically analyzed and assessed as to their adequacy.

	12/31/2023	12/31/2022
At the beginning of the year	**(68)**	(37)
Additions	**(567)**	(435)
Reversals	**29**	17
Write-offs	**525**	387
At the end of the year	**(81)**	(68)

9 RECOVERABLE TAXES

The Company records tax credit incurred in the operation and when obtains internal and external factors as legal and market interpretations to conclude that it is entitled to these credits, including realization of the tax credit ICMS (Imposto Sobre Circulação de Mercadorias e Serviços) (State VAT) is recognized in cost of sale in the statement of operations. PIS (Programa de Integração Social) and COFINS (Contribuição para o Financiamento da Seguridade Social) (federal taxes on gross revenues) is recognized as a credit in the same account on which the credits are calculated.

These taxes are realized based on growth projections, operating aspects, and projections of generation of debits for the use of these credits by the Company.

	Note	12/31/2023	12/31/2022
ICMS	9.1	**1,085**	1,210
PIS and COFINS	9.2	**287**	587
Social Security Contribution - INSS		**169**	90
Whithholding taxes to be recovered		**105**	74
Others		**27**	21
		1,673	1,982
Current		**1,100**	1,055
Non-current		**573**	927

(In million of Brazilian reais, unless otherwise stated)

9.1 State VAT tax credits - ICMS

The Brazilian States have been substantially amending their local laws aiming at implementing and broadening the ICMS tax replacement system. This system entails the prepayment of ICMS of the whole commercial chain, upon goods outflow from an industrial establishment or importer or their inflow into each State. The expansion of this system to an increasingly wider range of products sold in the retail generates the prepayment of the tax and consequently a refund in certain operations.

With respect to credits that cannot yet be immediately offset, the Company's management, according to a technical recovery study, based on the future expectation of growth and consequent offset against taxes payable from its operations, believes that its future offset is viable. The mentioned studies are prepared and periodically reviewed based on information obtained from the strategic planning previously approved by the Company's Board of Directors. For the financial statements as of December 31, 2023, the Company's management has monitoring controls over the adherence to the annually established plan, reassessing and including new elements that contribute to the realization of the recoverable ICMS balance, as shown in the table below:

Year	Amount
Within 1 year	**553**
From 1 to 2 years	**111**
From 2 to 3 years	**115**
From 3 to 4 years	**90**
From 4 to 5 years	**59**
More than 5 years	**157**
	1,085

9.2 PIS and COFINS credit

On March 15, 2017, the Federal Supreme Court ("STF") recognized the unconstitutionality of the inclusion of ICMS in the PIS and COFINS calculation base. On May 13, 2021, the STF judged the Declaration Embargoes in relation to the amount to be excluded from the calculation basis of the contributions, which should only be the ICMS paid, or if the entire ICMS, as shown in the respective invoices. The STF rendered a favorable decision to the taxpayers, concluding that all ICMS highlighted should be excluded from the calculation basis.

Currently the Company, with the favorable judgment of the Supreme Court, has recognized the exclusion of ICMS from the PIS and COFINS calculation basis.

• Expected realization of PIS and COFINS credits

In relation to the recoverable PIS and COFINS credits, the Company's management, based on a technical recovery study considering future growth expectations and consequent offset against debts from its operations, projects its future realization. The mentioned studies are prepared and periodically reviewed based on information obtained from the strategic planning previously approved by the Company's Board of Directors. For the financial statements as of December 31, 2023, the Company's management has monitoring controls over the adherence to the annually established plan, reassessing and including new elements that contribute to the realization of the recoverable PIS and COFINS balance, in the amount of R$287, and expected realization is within one year.

(In million of Brazilian reais, unless otherwise stated)

10 RELATED PARTIES

10.1 Balances and related party transactions

	Assets				Liabilities				Transactions	
	Trade receivables		Other assets		Suppliers		Other liabilities		Revenue (expenses)	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Associates (i)										
Casino Guichard Perrachon	**-**	-	**-**	-	**-**	-	**-**	21	**(20)**	(60)
Euris	**-**	-	**-**	-	**-**	-	**-**	1	**(1)**	(3)
Grupo Pão de Açúcar ("GPA")	**-**	24	**-**	234	**-**	8	**-**	237	**20**	(310)
Greenyellow	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(33)
Wilkes Participações S.A.	**-**	-	**-**	-	**-**	-	**-**	2	**(6)**	(8)
	-	24	**-**	234	**-**	8	**-**	261	**(7)**	(414)
Joint venture										
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento ("FIC") (ii)	**211**	49	**23**	18	**28**	25	**-**	-	**27**	25
	211	49	**23**	18	**28**	25	**-**	-	**27**	25
	211	73	**23**	252	**28**	33	**-**	261	**20**	(389)
Current	**211**	73	**-**	-	**28**	33	**-**	201		
Non-current	**-**	-	**23**	252	**-**	-	**-**	60		

(i) On November 29, 2022, the shareholder Helicco Participações Ltda ("Helicco"), a subsidiary of Casino Guichard Perrachon ("Casino"), sold all its ownership interest in the Company comprising 140,800,000 shares. On March 21, 2023, the shareholder Wilkes Participações S.A. ("Wilkes"), a subsidiary of Casino, sold 254,000,000 shares held by it and Casino now holds 157,582,865 common shares, representing 11.7% of the Company's share capital.

On June 23, 2023, as per the Notice to the Market published on the same date, Casino, through its subsidiaries Wilkes, Geant International BV ("GIBV") and Segisor S.A.S ("Segisor"), sold 157,582,850 common shares issued by the Company, representing 11.67% of its share capital, through a block trade operation carried out on the same date. As a result, the Casino Group now holds an ownership interest of less than 0.01% of Sendas' share capital, no longer being considered a related party of the Company. The balances with these companies and their subsidiaries are presented under the line items Other accounts receivable and Other accounts payable in the balance sheet in the financial statements for the year ended December 31, 2023.

(ii) FIC: execution of business agreements to regulate the rules that promote and sell financial services offered by FIC at the Company's stores to implement the financial partnership between the Company and Itaú Unibanco Holding S.A. ("Itaú") in the partnership agreement, namely: (a) banking correspondent services in Brazil; (b) indemnity agreement in which FIC committed to keeping the Company harmless from losses incurred as a result of the services; and FIC and the Company agreed, among themselves, to indemnify each other for contingencies arising from their responsibilities; and (c) agreement for the Company to provide FIC, and vice versa, with information and access to systems to offer services.

The related parties transactions are represented by operations carried out according to the prices, terms and conditions agreed upon between the parties and are measured substantially at market value.

10.2 Management compensation

Expenses referring to the executive board compensation recorded in the Company's statement of operations in the years ended December 31, 2023 and 2022 as follows (amounts expressed in thousands reais):

	Base salary		Variable compensation		Stock option plan and shared-based payment plan (i)		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Board of directors	**11,512**	31,971	**-**	-	**5,250**	7,103	**16,762**	39,074
Statutory officers	**11,083**	12,806	**29,794**	19,880	**13,265**	9,609	**54,142**	42,295
Executives excluding statutory officers	**31,429**	22,849	**53,132**	43,144	**14,802**	10,176	**99,363**	76,169
Fiscal council	**548**	584	**-**	-	**-**	-	**548**	584
	54,572	68,210	**82,926**	63,024	**33,317**	26,888	**170,815**	158,122

(i) More details about shared-based payment plan for the Statutory officers, see note 20.6.3.

The stock option plan, fully in shares, refers to the Company's and this plan has been treated in the Company's statement of operations. The corresponding expenses are allocated to the Company and recorded in the statement of operations against capital reserve - stock options in shareholders' equity. There are no other short-term or long-term benefits granted to members of the Company's management.

11 INVESTMENTS

The details of the Company's investments at the end of the year are as follows:

			Participation in investments - %	
			Direct participation	
Investment type	Company	Country	12/31/2023	12/31/2022
Joint venture	Bellamar Empreendimento e Participações S.A.	Brazil	**50.00**	50.00

Summary of financial information of Joint Venture

	12/31/2023	12/31/2022
Current assets	**1**	1
Non-current assets	**581**	519
Shareholders´ equity	**582**	520
Net income for the year	**102**	86

Investments composition and breakdown

	Bellamar
As of December 31, 2021	789
Share of profit of associates	44
As of December 31, 2022	833
Share of profit of associates	**51**
Dividends received	**(20)**
As of December 31, 2023	**864**

11.1 Join venture

Bellamar is a company that owns 35.76% of the share capital of FIC (Finance branch of Banco Itaú), therefore the Company indirectly holds a 17.88% stake in FIC. The purpose of FIC is to carry out all operations permitted, in the legal and regulated provisions, to credit, financing and investment companies, the issuance and management of credit cards, own or third-party, as well as the performance and performance of functions of correspondents in the country. FIC's operations are conducted by Itaú Unibanco Holding S.A.

The investment is recognized as a joint venture and is recorded under the equity method, in accordance with accounting standard CPC 18 (R2)/IAS 28 – Investments in associates and joint ventures, is iniatilly recognized at cost. The carrying amount of the investment is adjusted for purposes of recognizing the variations in the Company's share in the shareholders' equity of joint venture after the acquisition date.

The joint venture's financial statements are prepared for the same period of disclosure that the Company.

After the equity method is applied, the Company determines if it is necessary to recognize an additional impairment loss of recuperable on the investment in its joint venture. The Company will determine, on each annual closing date of balance sheet, if there is objective evidence that the investment in the joint venture is impaired. If so, the Company calculates the amount of the impairment loss as the difference between the joint venture's recoverable amount and carrying amount and recognizes the loss in the statement of operations. As of December 31, 2023, the Company performed an analysis to verify whether the investment in its Joint Venture might not be recoverable, and did not identify the need to record a provision for impairment of the asset.

(In million of Brazilian reais, unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or impairment losses, if any. The cost includes the acquisition amount of equipment and borrowing costs for long-term construction projects, if recognition criteria are met. When significant components of property, plant and equipment are replaced, these components are recognized as individual assets, with specific useful lives and depreciation. Likewise, when a major replacement is performed, its cost is recognized in the carrying value of the equipment as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of operations for the year as incurred.

The annual average depreciation rate of property, plant and equipment items is shown below:

Average annual depreciation rate

Building 2.50%	**Machiney and equipment** 11.58%	**Furniture and appliances** 13.40%
Improvements 5.83%	**Facilities** 8.22%	**Others** 25%

Property, plant and equipment items and eventual significant amounts are written-off upon sale or when there is no expectation of future economic benefits derived from their use or sale. Any gains or losses resulting from disposals of assets are included in the statement of operations for the year.

The residual value, the useful life of assets and methods of depreciation are reviewed at the end of each fiscal year, and adjusted prospectively, when applicable. The Company reviewed the useful life of property, plant and equipment in 2023 and identified changes, however, the impact identified was not material for disclosure.

Interest on borrowings directly attributable to the acquisition, construction or production of an asset, which requires a substantial period of time to be completed for its intended use or sale (qualifying asset), is capitalized as part of the cost of the respective assets during their construction phase. From the date the asset is placed in operation, capitalized costs are depreciated over the estimated useful life of the asset.

12.1 Impairment of non-financial assets

The impairment test is intended to present the actual net realization value of an asset. The realization can be directly or indirectly, through sale or through the generation of cash from the use of the asset in the Company's activities.

The Company tests its non-financial assets for impairment annually or whenever there is internal or external evidence that they may be impaired.

The recoverable amount of an asset is defined as the higher of its fair value or the value in use of its Cash Generating Unit ("CGU" (stores)), except if the asset does not generate cash inflows that are largely independent of the cash inflows of other assets or group of assets.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and a provision for impairment is recorded to adjust the carrying amount of the asset or CGU to its recoverable amount. When assessing the recoverable amount, the estimated future cash flow is discounted to the present value, using a nominal discount rate, which represents the Company's weighted average cost of capital to reflect current market assessments as to the time value of money and the asset's specific risks. The impairment test of intangible assets' useful life including goodwill is described in notes 13.2 and 13.3.

Impairment losses are recognized in the statement of operations in categories of expenses consistent with the function of the respective impaired asset. The impairment loss previously recognized is only reversed if there has been a change in the assumptions used to determine the recoverable amount of the asset on its initial recognition or later dates, except in the case of goodwill, which cannot be reversed in future years.

12.1.1 Impairment test of stores operating assets

The procedure for verifying non-realization consists of grouping operational and intangible assets (such as commercial rights) directly attributable to stores. The test steps were as follows:

• Step 1: the carrying amount of stores was compared to a sales multiple (35%) representing transactions between retail companies. For stores for which the multiple was lower than their carrying amount, a more detailed test is made, as described in Step 2 below.

• Step 2: The Company considered the highest value between the discounted cash flows of stores using sales growth by store, and a discount rate of 11.34% per year (12.20% per year 2022) or appraisal reports prepared by independent experts for own stores.

The Company performed a test to verify the operating assets of the stores that might not be recoverable in the year ended December 31, 2023. Based on this tests performed, there was no need to record a provision for impairment of assets.

(Em milhões de reais, exceto quando especificado de outra forma)

12.2 Breakdown and composition of property, plant and equipment

	As of 12/31/2022	Additions (i)	Write-off	Depreciation	Transfers and others	As of 12/31/2023		Historical cost	Accumulated depreciation
Lands	600	**17**	**-**	**-**	**(58)**	**559**		**559**	**-**
Buildings	730	**45**	**-**	**(19)**	**21**	**777**		**934**	**(157)**
Improvements	6,865	**1,659**	**(26)**	**(438)**	**39**	**8,099**		**9,583**	**(1,484)**
Machinery and equipment	1,440	**499**	**(16)**	**(214)**	**601**	**2,310**		**3,285**	**(975)**
Facilities	585	**84**	**(2)**	**(58)**	**(339)**	**270**	=	**430**	**(160)**
Furniture and appliances	755	**186**	**(5)**	**(144)**	**111**	**903**		**1,311**	**(408)**
Constructions in progress	543	**47**	**(1)**	**-**	**(478)**	**111**		**111**	**-**
Others	64	**42**	**(1)**	**(45)**	**59**	**119**		**255**	**(136)**
	11,582	**2,579**	**(51)**	**(918)**	**(44)**	**13,148**		**16,468**	**(3,320)**

	As of 12/31/2021	Additions (i)	Write-off	Depreciation	Transfers and others	As of 12/31/2022		Historical cost	Accumulated depreciation
Lands	570	48	(18)	-	-	600		600	-
Buildings	656	117	-	(17)	(26)	730		859	(129)
Improvements	3,596	3,451	(27)	(284)	129	6,865		7,933	(1,068)
Machinery and equipment	828	708	(4)	(184)	92	1,440	=	2,160	(720)
Facilities	362	258	(7)	(35)	7	585		729	(144)
Furniture and appliances	416	279	(2)	(70)	132	755		1,043	(288)
Constructions in progress	235	582	(1)	-	(273)	543		543	-
Others	37	24	-	(16)	19	64		157	(93)
	6,700	5,467	(59)	(606)	80	11,582		14,024	(2,442)

(i) Includes interest capitalization in the amount of R$257 (R$774 as of December 31, 2022), see note 12.3.

(In million of Brazilian reais, unless otherwise stated)

12.3 Capitalized borrowing costs and lease

The value of capitalized borrowing costs and lease directly attributable to the reform, construction and acquisition of property, plant and equipment and intangible assets within the scope of CPC 20 (R1)/IAS 23 - Borrowing Costs and the amount of interest on lease liabilities incorporated into the value of the property, plant and equipment and/or intangible assets, for the period in which the assets are not yet in their intended use in accordance with CPC 06 (R2)/IFRS 16 - Leases, amounted to R$257 (R$774 as of December 31, 2022). The rate used to calculate the borrowing costs eligible for capitalization was 111.05% (112.16% as of December 31, 2022) of CDI, corresponding to the effective interest rate of borrowings taken by the Company.

12.4 Additions to property, plant and equipment for cash flow purpose

	12/31/2023	12/31/2022
Additions	**2,579**	5,467
Capitalized borrowing costs	**(257)**	(774)
Financing of property, plant and equipment - Additions	**(2,298)**	(5,080)
Financing of property, plant and equipment - Payments	**3,092**	3,911
	3,116	3,524

Additions related to the purchase of operating assets, purchase of land and buildings to expansion activities, building of new stores and distribution centers, improvements of existing distribution centers and stores and investments in equipment and information technology.

The additions and payments of property, plant and equipment above are presented to reconcile the acquisitions during the year with the amounts presented in the statement of cash flows net of items that did not impact cash flow.

12.5 Other information

As of December 31, 2023, the Company recorded in the cost of sales and services the amount of R$82 (R$71 as of December 31, 2022), relating to the depreciation of machinery, buildings and facilities of distribution centers.

13 INTANGIBLE ASSETS

Intangible assets acquired separately are measured at cost upon initial recognition, less amortization, and eventual impairment losses, if any. Internally generated intangible assets, excluding capitalized software development costs, are recognized as expenses when incurred.

Intangible assets mainly consist of goodwill, software acquired from third parties and software developed for internal use, commercial rights (stores rights of use) and brands.

Intangible assets with definite useful lives are amortized using the straight-line method. The amortization period and method are reviewed, at least, at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Software development costs recognized as assets are amortized over their defined useful life (5 years). The average amortization rate is 20% per year, and amortization starts when they become operational.

Intangible assets with indefinite useful lives are not amortized but tested for impairment at the end of each reporting period or whenever there are indications that their carrying amount may be impaired either individually or at the level of the CGU. The assessment is reviewed annually to determine whether the indefinite life assumption remains appropriate. Otherwise, the useful life is changed prospectively from indefinite to definite.

When applicable, gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net proceeds from the sale of the asset and its carrying amount, and are recognized in the statement of operations in the year the asset is derecognized.

(In million of Brazilian reais, unless otherwise stated)

13.1 Breakdown and composition of intangible assets

	As of 12/31/2022	Additions	Write-off	Amortization	Transfers and others	As of 12/31/2023		Historical cost	Accumulated amortization
Goodwill	618	**-**	**-**	**-**	**-**	**618**		**871**	**(253)**
Software	76	**30**	**(1)**	**(43)**	**1**	**63**	=	**181**	**(118)**
Commercial rights	4,267	**192**	**-**	**(7)**	**-**	**4,452**		**4,491**	**(39)**
Trade name	39	**-**	**-**	**-**	**-**	**39**		**39**	**-**
	5,000	**222**	**(1)**	**(50)**	**1**	**5,172**		**5,582**	**(410)**

	As of 12/31/2021	Additions	Write-off	Amortization	Transfers and others	As of 12/31/2022		Historical cost	Accumulated amortization
Goodwill	618	-	-	-	-	618		871	(253)
Software	75	18	-	(17)	-	76	=	151	(75)
Commercial rights (i)	1,136	3,139	-	(8)	-	4,267		4,299	(32)
Trade name	39	-	-	-	-	39		39	-
	1,868	3,157	-	(25)	-	5,000		5,360	(360)

(i) In the year ended December 31, 2022, in the Additions column presents the amounts related to the acquisition of the 46 commercial points from hypermarkets, in the amount of R$3,130.

(In million of Brazilian reais, unless otherwise stated)

13.2 Impairment test of intangible assets with indefinite useful life, including goodwill

The impairment test of intangible assets uses the same practices described in note 12.1.

As of December 31, 2023, the Company reviewed the plan used to assess impairment for its operations. The recoverable amount is determined by means of a calculation based on value in use, based on cash projections from financial budgets, which were reviewed and approved by senior management for the next five years, considering the assumptions updated for December 31, 2023, as shown below:

- Revenues: estimated from 2024 to 2028, considering historical sales growth and inflation projections, excluding stores expansion;
- Gross profit: considers the historical level of gross profit expressed as a sales percentage;
- Expenses: considers the historical level expressed as a sales percentage and seeking gains of productivity and efficiency;
- Working capital: estimating the same level of working capital expressed in days of cost of sales;
- Acquisition of tangible and intangible assets (capex): considers the historical average investment for the maintenance the existing assets when determining the cash flow;
- Terminal value: calculated using the last year of the projections applying the perpetuity growth rate;
- Discount rate: prepared as described in the accounting policy. The discount rate used was 11.34% per year as of December 31, 2023 (12.20% per year as of December 31, 2022); and
- Perpetuity growth rate: the growth rate considered was 4.00% per year as of December 31, 2023 (4.40% per year as of December 31, 2022).

As a result of this analysis, there was no need to record a provision for impairment of these assets.

13.3 Commercial rights

Commercial rights are the right to operate stores, which refers to the rights acquired or allocated in business combinations. According to the Management's understanding, commercial rights are considered recoverable, either through the expected cash flows of the related store or the sale to third parties.

Commercial rights with defined and indefinite useful lives are tested following the assumptions described in note 12.1.1. The Company considered the discounted cash flow of the related store for the impairment test, that is, the store is the CGU.

As a result of this analysis, there was no need to record a provision for impairment of these assets.

13.4 Additions to intangible assets for cash flow purpose

	12/31/2023	12/31/2022
Additions	**222**	3,157
Financing of intangible assets - Additions	**(175)**	(3,130)
Financing of intangible assets - Payments	**122**	609
	169	636

14 LEASES

When entering into a contract, the Company assesses whether the contract is, or contains a lease. The contract is or contains a lease if it transfers the right to control the use of the identified asset for a specified period in exchange for consideration.

The Company evaluates its lease agreements in order to identify lease terms for a right of use, using the exemptions provided for contracts with a term of less than twelve months and an individual asset value below US$5 thousand (equivalent to R$24 thousand as of December 31, 2023).

The contracts are then recorded, when the lease begins, as a lease liability against a right-of-use asset, both at the present value of minimum lease payments, using the interest rate implicit in the contract, if applicable, or an incremental borrowing rate considering loans obtained by the Company.

The lease term used in the measurement corresponds to the term that the lessee is reasonably certain of exercising the option to extend the lease or not exercise the option to terminate the lease.

14.1 Right of use

Right-of-use assets are amortized over the lease term. Capitalizations for improvements and renovations carried out in stores are amortized over their estimated useful life or the expected term of use of the asset, limited if there is evidence that the lease will not be extended. Below, we present the average annual amortization rate of the right-of-use assets are shown below:

Average annual amortization rate

Buildings	Equipment	Assets and rights Carrão Subway Station - Assaí Atacadista
5.17%	27.91%	10.00%

(In million of Brazilian reais, unless otherwise stated)

14.1.1 Breakdown and composition of right-of-use assets

	As of 12/31/2022	Additions (i)	Remeasurement	Write-off (i)	Amortization	Transfers and others	As of 12/31/2023		Historical cost	Accumulated amortization
Buildings	7,593	**2,669**	**296**	**(1,824)**	**(500)**	**(31)**	**8,203**		**9,879**	**(1,676)**
Equipment	8	**-**	**-**	**-**	**(5)**	**-**	**3**	**=**	**51**	**(48)**
Assets and rights	18	**-**	**1**	**-**	**(3)**	**-**	**16**		**29**	**(13)**
	7,619	**2,669**	**297**	**(1,824)**	**(508)**	**(31)**	**8,222**		**9,959**	**(1,737)**

	As of 12/31/2021	Additions	Remeasurement	Write-off	Amortization	Transfers and others	As of 12/31/2022		Historical cost	Accumulated amortization
Buildings	3,604	3,810	695	(70)	(351)	(95)	7,593		8,924	(1,331)
Equipment	16	-	-	-	(6)	(2)	8	=	57	(49)
Assets and rights	19	-	1	-	(2)	-	18		29	(11)
	3,639	3,810	696	(70)	(359)	(97)	7,619		9,010	(1,391)

(i) As disclosed in note 10.1, on June 23, 2023, Casino, through its subsidiaries Wilkes, GIBV and Segisor, sold its common shares, changing the Company's shareholding structure. Due to the change in the shareholding structure, some rental agreements were renegotiated, resulting in a net increase of R$476 in the lease. Management, based on CPC 06/IFRS 16 - Leases, assessed and concluded this transaction as the termination of the previous agreement and the recognition of a new agreement, maturing in 2045, due to the substantial change in scope, which mainly includes the modification of the leased assets and change in contract amounts. In the year ended December 31, 2023, the renegotiation process was concluded.

(In million of Brazilian reais, unless otherwise stated)

14.2 Lease liabilities

The Company leases equipment and commercial spaces, including stores and distribution centers, under cancelable and noncancelable lease agreements. The terms of the contracts vary between 5 and 25 years.

The payments made are segregated between financial charges and reduction of the lease liability to obtain a constant interest rate in the liability balance. Financial charges are recognized as financial expenses for the year.

14.2.1 Minimum future payments and potential right of PIS and COFINS

Lease contracts totaled R$9,184 as of December 31, 2023 (R$8,360 as of December 31, 2022). The minimum future lease payments, according to lease agreements, with the present value of minimum lease payments, are as follows:

	12/31/2023	12/31/2022
Lease liabilities - minimum payments		
Less than 1 year	**532**	435
From 1 to 5 years	**1,702**	1,646
More than 5 years	**6,950**	6,279
Present value of lease liabilities	**9,184**	8,360
Current	**532**	435
Non-current	**8,652**	7,925
Future financing charges	**13,164**	12,318
Gross amount of financial lease agreements	**22,348**	20,678
PIS and COFINS embedded in the present value of lease agreements	**558**	508
PIS and COFINS embedded in the gross value of lease agreements	**1,359**	1,257

Lease liabilities interest expense is stated in note 24. The Company´s average incremental interest rate at the agreement signing date was 12.12% in the year ended December 31, 2023 (12.20% as of December 31, 2022).

Had the Company adopted the calculation methodology projecting the inflation embedded in the nominal incremental rate and discounted to present value at the nominal incremental rate, the average percentage of inflation to be projected by year would be approximately 6.72% (8.74% as of December 31, 2022). The average term of the agreements analyzed is 18 years (19 years as of December 31, 2022).

14.2.2 Lease liability roll forward

	Amount
As of December 31, 2021	4,051
Addition - Lease	3,810
Remeasurement	696
Interest provision	781
Principal amortizations	(126)
Interest amortization	(772)
Write-off due to early termination of agreement	(80)
As of December 31, 2022	8,360
Addition - Lease (i)	**2,669**
Remeasurement	**297**
Interest provision	**1,004**
Principal amortizations	**(262)**
Interest amortization	**(977)**
Write-off due to early termination of agreement (i)	**(1,907)**
As of December 31, 2023	**9,184**

(i) The variation for the year mainly refers to the renegociation of rental contracts as disclosed in note 14.1.1.

14.3 Result on variable rentals and subleases

Leases in which the Company does not substantially transfer all the risks and benefits of ownership of the asset are classified as operating leases. The initial direct costs of negotiating operating leases are added to the carrying amount of the leased asset and recognized over the term of the contract, on the same basis as rental income.

Variable rents are recognized as expenses in the year in which they are incurred.

	12/31/2023	12/31/2022
(Expenses) revenues of the year:		
Variables (1% to 2% of sales)	**(21)**	(31)
Subleases (i)	**93**	55

(i) Refers mainly to the revenue from lease agreements receivable from commercial galleries.

14.4 Additional information

In accordance with OFÍCIO-CIRCULAR/CVM/SNC/SEP/N°02/2019 the Company adopted as an accounting policy the requirements of CPC 06 (R2)/IFRS16 - Leases, in the measurement and remeasurement of its right of use, using the discounted cash flow model, without considering inflation.

(In million of Brazilian reais, unless otherwise stated)

To safeguard the faithful representation of information to meet the requirements of CPC 06 (R2)/IFRS16 - Leases, and the guidelines of the CVM technical areas, the balances of assets and liabilities without inflation, effectively accounted for (real flow x real rate) are provided, and the estimate of inflated balances in the comparison year (nominal flow x nominal rate).

Other assumptions, such as the maturity schedule of liabilities and the interest rates used in the calculation, are disclosed in note 14.2.1, as well as inflation indexes are observable in the market, so that the nominal flows can be prepared by the users of the financial statements.

	12/31/2023	12/31/2022
Real flow		
Right-of-use assets	**8,222**	7,619
Lease liabilities	**22,348**	20,678
Embedded interest	**(13,164)**	(12,318)
	9,184	8,360
Inflated flow		
Right-of-use assets	**12,776**	11,955
Lease liabilities	**35,568**	33,354
Embedded interest	**(19,354)**	(18,500)
	16,214	14,854

Below we present the flow of payments according to the average term weighted with the respective nominal and inflation rates for each year presented:

As of December 31, 2023

Year	Value	Nominal tax	Projected inflation
Within 1 year	**1,435**	**12.19%**	**4.48%**
From 1 to 2 years	**1,300**	**12.22%**	**3.86%**
From 2 to 3 years	**1,316**	**12.25%**	**3.45%**
From 3 to 4 years	**1,311**	**12.28%**	**3.49%**
From 4 to 5 years	**2,437**	**12.32%**	**3.58%**
More than 5 years	**14,549**	**12.54%**	**3.58%**
	22,348		

As of December 31, 2022

Year	Value	Nominal tax	Projected inflation
Within 1 year	1,356	12.22%	4.61%
From 1 to 2 years	1,192	12.26%	4.26%
From 2 to 3 years	1,190	12.30%	4.24%
From 3 to 4 years	1,192	12.35%	4.24%
From 4 to 5 years	1,159	12.41%	4.24%
More than 5 years	14,589	12.73%	4.24%
	20,678		

15 TRADE PAYABLES AND TRADE PAYABLES - AGREEMENTS

	Note	12/31/2023	12/31/2022
Trade payables			
Products		**10,363**	9,196
Acquisition of property, plant and equipment		**158**	140
Service		**150**	129
Service - related parties	10.1	**28**	33
Bonuses from suppliers	15.1	**(902)**	(960)
		9,797	8,538
Trade payables - Agreements			
Products	15.2	**1,070**	813
Acquisition of property, plant and equipment	15.2	**389**	1,226
Acquisition of hipermarkets	15.3	**892**	3,202
		2,351	5,241
		12,148	13,779
Current		**12,110**	12,999
Non-current		**38**	780

15.1 Bonuses from suppliers

These include commercial agreements and discounts obtained from suppliers. These amounts are defined in agreements and include discounts for purchase volume, joint marketing programs, freight reimbursements, and other similar programs. The receipt occurs by deducting trade notes payable to suppliers, according to conditions established in the supply agreements, so that the financial settlements occur for the net amount.

15.2 Agreements among suppliers, the Company and banks

The Company has agreements signed with financial institutions, through which suppliers of products, capital goods and services have the possibility of receiving in advance their amounts receivable, also named "forfait" / "confirming". The financial institutions become creditors of the operation and the Company settles the payments under the same conditions as those originally agreed with the supplier.

Management, based on CPC 3 (R2)/IAS7 and CPC 40 (R1)/IFRS7, assessed that the economic substance of the transaction is operational, considering that receiving in advance is an exclusive decision of the supplier and, for the Company, there are no changes in the original term negotiated with the supplier, nor changes in the originally contracted amounts. These transactions aim at facilitating the cash flow of its suppliers without the Company having to advancing payments. Management evaluated the potential effects of adjusting these operations to present value and concluded that the effects are immaterial for measurement and disclosure.

These balances are classified as "Trade payables - Agreements" and the cash flow from these operations is presented as operating in the statement of cash flows.

Additionally, there is no exposure to any financial institution individually related to these operations and these liabilities are not considered net debt and do not have restrictive covenants (financial or non-financial). In these transactions, the Company earns income referring to the premium for referring suppliers to the operations of advance of receivables, recognized in the financial result, in the line "Revenue from antecipation of payables", in the amount of R$42 as of December 31, 2023 (R$40 as of December 31, 2022), representing 1.21% of the volume of transactions occurred during 2023 (1.43% during 2022).

As of December 31, 2023, the balance payable related to these operations is R$1,459 (R$2,039 as of December 31, 2022).

The balances of trade payables and trade payables – agreement are similar and do not exceed the expiration date of 120 days as of December 31, 2023.

15.3 Acquisition of hypermarkets

In September and December, 2022, GPA realized the assignment of its receivables on the sale of hypermarkets to the Company with a financial institution corresponding to the installments due between 2023 and 2024. The Company's management, as the consenting party of the operation, evaluated the contractual terms of the assignment of receivables and in accordance with CPC 26 (R1)/IAS 1, concluded that there was no modification in the conditions originally contracted with the GPA, maintaining the characteristic of the terms and the payments of the installments will be made directly by the Company to the financial institution, maintaining the same due dates and monetary correction equivalent to CDI + 1.2% per year, previously agreed with GPA. Therefore, Management concluded that the characteristic of the operation was maintained as accounts payable for the acquisition of the commercial points of the hypermarkets.

As of December 31, 2023, the balance is R$892 (R$3,202 as of December 31, 2022) and, in January 2024 the Company settled the amount.

16 FINANCIAL INSTRUMENTS

16.1 Classification and measurement of financial assets and liabilities

Pursuant to CPC 48/IFRS 9, on initial recognition, a financial asset is classified as measured: at amortized cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through income ("FVTI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Embedded derivatives in which the main contract is a financial asset within the scope of the standard are never split. Instead, the hybrid financial instrument is assessed for classification as a whole.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through income:

• It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

• It is contractual terms generate, on specific dates, cash flows related to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured at fair value through other comprehensive income, if it meets both of the following conditions and is not designated as measured at fair value through income:

• It is held within a business model whose objective is achieved both collecting of contractual cash flows and selling the financial assets; and

• Its contractual terms give rise on specific dates to cash flows related to the payment of principal and interest on the outstanding principal amount.

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income, as described above, are classified as fair value through income. This includes all derivative financial assets. At initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost, at fair value through other comprehensive income or fair value through income if this significantly eliminates or reduces an accounting mismatch that otherwise would arise (option of fair value available in CPC 48/IFRS 9).

(In million of Brazilian reais, unless otherwise stated)

A financial asset (unless these are trade receivables without a significant financing component which is firstly measured by the price of the transaction) is initially measured by fair value, accrued, for an item not measured at fair value through income of transaction costs which are directly attributable to its acquisition.

• **Financial assets measured at fair value through income:** These assets are subsequently measured at fair value. The net result, including interest rates or dividend income, is recognized in the statement of operations.

• **Financial assets at amortized cost:** These assets are subsequently measured at amortized cost applying the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, exchange gains, and losses are recognized in the statement of operations. Any gain or loss in derecognition is recognized in the statement of operations.

• **Financial assets at fair value through other comprehensive income:** These assets are subsequently measured at fair value. Interest income calculated adopting the effective interest rate method, exchange gains, and losses and impairment losses are recognized in the statement of operations. Other net results are recognized in other comprehensive income. In derecognition, the result accumulated in other comprehensive income is reclassified to the statement of operations.

Financial liabilities are recognized when the Company assume contractual liabilities for settlement in cash or assumption of third-party obligations through a contract to which it is a party. The financial liabilities are classified, upon initial recognition, as financial liabilities at FVTI or financial liabilities at amortized cost.

The measurement of financial liabilities depends on their classification, as described below:

• **Financial liabilities at fair value through income:** Include financial liabilities for trading and financial liabilities designated on initial recognition at fair value through income. Gains or losses on trading liabilities are recognized in the statement of operations.

• **Financial liabilities at amortized cost:** After initial recognition, borrowings and financing subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of operations when liabilities are written off, as well as through the amortization process at the effective interest rate.

The main financial instruments and their amounts recorded in the financial statements, by category, are as follows:

	Note	Amortized cost	Fair value	FVTOCI	As of 12/31/2023
Financial assets					
Cash and cash equivalents	6	**5,459**	-	-	**5,459**
Related parties	10.1	**23**	-	-	**23**
Trade receivables and other accounts receivables		**396**	-	-	**396**
Gain on financial instruments at fair value	16.9.1	-	**274**	-	**274**
Trade receivables with credit card and tickets		-	-	**985**	**985**
Financial liabilities					
Other accounts payable		**(216)**	-	-	**(216)**
Trade payables and trade payables - agreements	15	**(12,148)**	-	-	**(12,148)**
Borrowings	16.9.1	**(1,943)**	-	-	**(1,943)**
Debentures and promissory notes	16.9.1	**(10,051)**	-	-	**(10,051)**
Lease liabilities	14.2	**(9,184)**	-	-	**(9,184)**
Borrowings and debentures	16.9.1	-	**(3,182)**	-	**(3,182)**
Loss of financial instruments at fair value	16.9.1	-	**(8)**	-	**(8)**
Net exposure		**(27,664)**	**(2,916)**	**985**	**(29,595)**

	Note	Amortized cost	Fair value	FVTOCI	As of 12/31/2022
Financial assets					
Cash and cash equivalents	6	5,842	-	-	5,842
Related parties	10.1	252	-	-	252
Trade receivables and other accounts receivables		198	-	-	198
Gain on financial instruments at fair value	16.9.1	-	182	-	182
Trade receivables with credit card and tickets		-	-	424	424
Financial liabilities			-		
Related parties	10.1	(261)	-	-	(261)
Trade payables and trade payables - agreements	15	(13,779)	-	-	(13,779)
Borrowings	16.9.1	(1,217)	-	-	(1,217)
Debentures and promissory notes	16.9.1	(8,903)	-	-	(8,903)
Lease liabilities	14.2	(8,360)	-	-	(8,360)
Borrowings and debentures	16.9.1	-	(2,435)	-	(2,435)
Loss of financial instruments at fair value	16.9.1	-	(36)	-	(36)
Net exposure		(26,228)	(2,289)	424	(28,093)

The fair value of other financial instruments detailed in the table above approximates the carrying amount based on the existing payment terms and conditions. The financial instruments measured at amortized cost, the fair values of wich differ from the carrying amounts, are disclosed in note 16.8.

16.2 Derecognition of financial assets and liabilities

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

• The rights of cash flows receivables expire; and

• The Company transfers its rights to receive cash flows from an asset or assume an obligation of fully paying the cash flows received to a third party, under the terms of a transfer agreement; and (a) the Company substantially transferred all the risks and benefits related to the asset; or (b) the Company neither transferred nor substantially retained all the risks and benefits relating to the asset, but transferred its control.

When the Company assigns its rights to receive cash flows from an asset or enters into a transfer agreement without having substantially transferred or retained all of the risks and benefits relating to the asset nor transferred the asset control, the asset is maintained and the related liability is recognized. The asset transferred and related liability are measured to reflect the rights and obligations retained by the Company.

A financial liability is derecognized when the liability underlying obligation is settled, canceled, or expired.

Purchases or sales of financial assets requiring delivery of assets within a term defined by regulation or agreement in the market (negotiations under normal conditions) are recognized on the trade date, i.e., on the date the Company undertakes to buy or sell the asset.

When a financial liability is replaced by another of the same creditor, through substantially different terms, or terms of an existing liability are substantially modified, this replacement or modification is treated as the derecognition of original liability and recognition of a new liability, and the difference between respective carrying amounts is recognized in the statement of operations.

16.3 Offset of financial instruments

The financial assets and liabilities are offset and reported net in financial statements, if, and only if, amounts recognized can be offset and there is the intention of settle them on a net basis, or realize assets and settle liabilities, simultaneously.

16.4 Impairment of financial assets

The impairment loss model applies to financial assets measured at amortized cost, contractual assets and debt instruments measured at fair value through other comprehensive income, but does not apply to investments in equity instruments (shares) or financial assets measured at fair value through income.

Pursuant to CPC 48/IFRS 9, provisions for losses are measured according to one of the following bases:

• Expected credit losses for 12 months (general model): these are credit losses resulting from possible default events within 12 months after the reporting date, and subsequently, in case of a deterioration of credit risk, for the entire life of the instrument.

• Lifetime expected credit losses (simplified model): these are credit losses that result from all possible default events over the expected life of a financial instrument.

• Practical expedient: these are expected credit losses consistent with reasonable and sustainable information available, at the reporting date, on past events, current conditions, and estimates of future economic conditions that allow the verification of probable future losses based on the historical credit losses in accordance with instruments maturity.

The Company measures provisions for losses on trade and other receivables and contractual assets using an amount equal to the lifetime expected credit losses. For trade receivables, whose receivables portfolio is fragmented, and rents receivable, the practical expedient is applied by adopting a matrix of losses for each maturity range.

When determining whether the credit risk of a financial asset significantly increased from initial recognition, and when estimating the expected credit losses, the Company considers reasonable and sustainable information, which is relevant and available without excessive cost or effort. This includes qualitative and quantitative information and analyses, based on the Company's historical experience, the assessment of credit, and considers projection information.

The Company assumes that the credit risk in a financial asset significantly increased if it is more than 180 days overdue.

The Company considers a financial asset in default when:

• It is unlikely that the debtor will fully pay its loan obligations to the Company, without resorting to collateral (if any); or

• The financial asset is more than 180 days overdue.

The Company determines the credit risk of a debt instrument by analyzing the payment history, current financial and macroeconomic conditions of counterparty and assessment of rating agencies, where applicable, thereby evaluating each instrument, individually.

The maximum period considered in the estimate of expected credit losses is the maximum contractual period during which the Company is exposed to the credit risk.

• Measurement of expected credit losses: Expected credit losses are estimates weighted by the likelihood of credit losses based on the historic losses and projections of related assumptions. Credit losses are measured at present value based on all cash shortfalls (i.e., the difference between cash flows owed to the Company according to the contract and cash flows that the Company expects to receive).

Expected credit losses are discounted by the effective interest rate of a financial asset.

• **Financial assets with credit recovery problems:** On each reporting date, the Company assesses if financial assets recorded by amortized cost and debt instruments measured at fair value through other comprehensive income shows signs of impairment. A financial asset shows signs of impairment when one or more events occur with a negative impact on the financial asset's estimated future cash flows.

• **Reporting of impairment loss**: Provision for financial assets losses measured at amortized cost are deducted from an assets' gross carrying amount.

For financial instruments measured at fair value through other comprehensive income, the provision for losses is recognized in other comprehensive income, instead of reducing the asset's carrying amount.

Impairment losses related to trade receivables and other receivables, including contractual assets, are reported separately in the statement of operations and other comprehensive income. Losses of recoverable amounts from other financial assets are stated under "selling expenses".

• **Trade receivables and contractual assets:** The Company considers the model and a few of the assumptions applied in the calculation of these expected credit losses as the main sources of estimate uncertainty.

Positions within each group were segmented based on common characteristics of credit risk, such as:

• Level of credit risk and loss history for wholesale clients and property lease; and

• Status of default, risk of default and history of losses for credit card companies and other clients.

16.5 Considerations on risk factors that may affect the business of the Company

16.5.1 Credit risk

• Cash and cash equivalents

In order to minimize the credit risk, the investment policies adopted establish investments in financial institutions approved by the Company's Financial Committee, considering the monetary limits and evaluations of financial institutions, which are regularly updated.

The Company's financial investments, according to the rating on the national scale of financial institutions, are 100% represented by brAAA.

• Trade receivables

The credit risk related to trade receivables is minimized by the fact that a large part of installment sales are made with credit cards. These receivables may be advanced at any time, without right of recourse, with banks or credit card companies, for the purpose of providing working capital, generating the derecognition of the accounts receivable. In addition, the main acquirers used by the Company are related to first-tier financial institutions with low credit risk. Additionally, for trade receivables collected in installments, the Company monitors the risk for the granting of credit and for the periodic analysis of the expected credit loss balances.

The Company also incurs counterparty risk related to derivative instruments. This risk is mitigated by carrying out transactions, according to policies approved by governance bodies.

There are no amounts receivable that individually account for more than 5% of the accounts receivable or revenues.

16.5.2 Interest rate risk

The Company obtains borrowings with major financial institutions to meet cash requirements for investments. Accordingly, the Company is mainly exposed to the risk of significant fluctuations in the interest rate, especially the rate related to derivative liabilities (foreign currency exposure hedge) and debts indexed to CDI. The balance of cash and cash equivalents, indexed to CDI, partially offsets the risk of fluctuations in the interest rates.

16.5.3 Capital risk management

The main objective of the Company's capital management is to ensure that the Company maintains its credit rating and a well-balanced equity ratio, in order to support businesses and maximize shareholder value. The Company manages the capital structure and makes adjustments considering the changes in the economic conditions.

(In million of Brazilian reais, unless otherwise stated)

The capital structure is as follows:

	12/31/2023	12/31/2022
Borrowings, debentures and promissory notes	**(15,184)**	(12,591)
(-) Cash and cash equivalents	**5,459**	5,842
(-) Derivative financial instruments	**274**	182
Net debt	**(9,451)**	(6,567)
Shareholders' equity	**4,630**	3,896
% Net debt to shareholders' equity	**204%**	169%

16.5.4 Liquidity risk management

The Company manages liquidity risk through daily monitoring of cash flows and control of maturities of financial assets and liabilities.

The table below summarizes the aging profile of the Company's financial liabilities as of December 31, 2023.

	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Borrowings	**611**	**1,797**	**-**	**2,408**
Debenture and promissory notes	**3,026**	**13,256**	**1,241**	**17,523**
Derivative financial instruments	**111**	**(299)**	**(368)**	**(556)**
Lease liabilities	**1,435**	**6,364**	**14,549**	**22,348**
Trade payables	**9,759**	**40**	**-**	**9,799**
Trade payables - Agreements	**1,459**	**-**	**-**	**1,459**
Trade payables - Agreements - Acquisition of hipermarkets	**894**	**-**	**-**	**894**
Other accounts payable	**167**	**-**	**49**	**216**
	17,462	**21,158**	**15,471**	**54,091**

The information was prepared considering the undiscounted cash flows of financial liabilities based on the earliest date the Company may be required to make the payment or be eligible to receive the payment. To the extent that interest rates are floating, the undiscounted amount is obtained based on interest rate curves for the year ended December 31, 2023. Therefore, certain balances presented do not agree with the balances presented in the balance sheets.

16.6 Derivative financial instruments

The Company uses derivative financial instruments to limit the exposure to variation unrelated to the local market, such as interest rate swaps and exchange rate variation swaps. These derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is executed and subsequently re-measured at fair value at the end of the reporting exercise. Derivatives are recorded as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Gains or losses resulting from changes in the fair value of derivatives are directly recorded in the statement of operations for the year.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it intends to apply hedge accounting and its objective and risk management strategy for contracting the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of the changes in the hedging instrument's fair value in offsetting the exposure to changes in the fair value of the hedged item or cash flow attributable to the hedged risk. These hedges are expected to be highly effective in offsetting changes in the fair value or cash flow and are assessed on an ongoing basis to determine if they have been highly effective throughout the exercises for which they were designated.

The following are recognized as fair value hedges:

• The change in the fair value of a derivative financial instrument classified as fair value hedging is recognized as financial result. The change in the fair value of the hedged item is recorded as a part of the carrying amount of the hedged item and is recognized in the statement of operations; and

• In order to calculate the fair value, future swap amounts are estimated according to the curves disclosed by B3 (CDI and Extended National Consumer Price Index (IPCA)), plus operation spreads. To calculate the present value of these operations, future amounts are discounted using the same curves, however, increased by the spreads disclosed by the Brazilian Association of Financial and Capital Market Entities (ANBIMA), referring to operations conducted in the secondary market.

The Company uses financial instruments only to hedge identified risks limited to 100% of the value of these risks. Derivative transactions are used solely to reduce the exposure to fluctuations in interest rates for maintaining the balance of the capital structure.

Certain swap transactions are designated as fair value hedges, with the objective of hedging the exposure to fixed interest rates, converting the debt into interest rates.

As of December 31, 2023, the notional amount of these contracts was R$2,956 (R$2,360 as of December 31, 2022). These transactions are usually contracted under the same terms, amounts and rates, and are carried out with a financial institution of the same economic group, observing the limits set by Management.

(In million of Brazilian reais, unless otherwise stated)

According to the Company's treasury policies, swaps cannot be contracted with restrictions ("caps"), margins, as well as return clauses, double index, flexible options or any other types of transactions different from traditional swap to hedge debts.

The Company's internal controls environment were designed to ensure that transactions are carried out in conformity with the treasury policy.

The Company calculates the effectiveness of hedge transactions upon inception and on a continuing basis. Hedge transactions contracted in the year ended December 31, 2023 were effective in relation to the covered debts. For derivative transactions that qualify as hedge accounting, in accordance with CPC 48/IFRS 9, the debt being hedged is also adjusted at fair value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values are calculated based on protected future cash flow from, using the future CDI curves released by B3, plus the operation spreads, and discounting them to present value, using the same CDI curves by B3.

To calculate the coupon for positions indexed to the CDI, the exponential convention - 252 business days was adopted.

	Notional value		Fair value	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Swap of hedge				
Hedge purpose (debt)	**2,956**	2,360	**3,230**	2,542
Long Position				
Fixed rate	**106**	106	**110**	109
USD + Fixed	**-**	282	**-**	282
Hedge - CRI	**2,850**	1,972	**3,120**	2,151
Short Position	**(2,956)**	(2,360)	**(2,964)**	(2,396)
Net hedge position	**-**	-	**266**	146

Realized and unrealized gains and losses on these contracts during the year ended December 31, 2023 are recorded as net financial results and the balance receivable at fair value is R$266 (balance receivable of R$146 as of December 31, 2022). The assets are recorded as "derivative financial instruments" and the liabilities as "debentures".

The effects of the hedge at fair value through income for the year ended December 31, 2023, resulted in a loss of R$115 (gain of R$29 as of December 31, 2022), recorded under cost of debt, see note 24.

The consolidated position of outstanding derivative financial instrument transactions is presented in the table below:

Description	Reference value	Maturity	12/31/2023	12/31/2022
Debt				
USD - BRL	USD50	2023	**-**	(36)
Debt				
IPCA - BRL	R$1.972	2028, 2029 and 2031	**267**	180
Interest rate swaps registered at CETIP				
Pre-fixed rate x CDI	R$879	2027	**(5)**	-
Pre-fixed rate x CDI	R$54	2027	**2**	1
Pre-fixed rate x CDI	R$52	2027	**2**	1
Derivatives - Fair value hedge - Brazil			**266**	146

16.7 Sensitivity analysis of financial instruments

According to Management's assessment, the possible reasonable changes scenario considered was, on the maturity date of each transaction, the market curves (interest) of B3.

To determine the possible relevant change in the relevant risk variable, Management considered the economic environment in which it operates. Therefore, in scenario (I) there is no impact on the fair value of financial instruments and the weighted interest rate (CDI) was 10.00% per year. For scenarios (II) and (III), for the exclusive purpose of sensitivity analysis, Management considered a deterioration of 5% and 10%, respectively, in the risk variables, up to one year of the financial instruments, with the aim of demonstrating the sensitivity of the Company's results in an adverse scenario.

In the case of derivative financial instruments (aiming at hedging the financial debt), the variations of the scenarios are accompanied by the respective hedges, indicating that the effects are not significant.

(In million of Brazilian reais, unless otherwise stated)

The Company disclosed the net exposure of the derivative financial instruments, the corresponding financial instruments and certain financial instruments in the sensitivity analysis table below, for each of the mentioned scenarios:

Transactions	Note	Risk (Rate Increase)	As of 12/31/2023	Market projections Scenario (I)	Scenario (II)	Scenario (III)
Borrowings	16.9.1	CDI + 1.66% per year	(1,952)	(208)	(219)	(229)
Borrowings (fixed rate)	16.9.1	CDI + 0.20% per year	(40)	(5)	(5)	(5)
Debentures and promissory notes	16.9.1	CDI + 1.45% per year	(13,378)	(1,441)	(1,513)	(1,585)
Total net effect (loss)			(15,370)	(1,654)	(1,737)	(1,819)
Cash equivalents	6	95.92% of the CDI	5,085	510	536	561
Net exposure loss			(10,285)	(1,144)	(1,201)	(1,258)

16.8 Fair value measurement

The Company discloses the fair value of financial instruments measured at fair value and of financial instruments measured at amortized cost, the fair value of which differ from the carrying amounts, pursuant to CPC 46/IFRS 13, which address the concepts of measurement and disclosure requirements. The fair value hierarchy levels are defined below:

Level 1: fair value measurement at the balance sheet date using quoted prices (unadjusted) in active markets for identical assets or liabilities to which the entity may have access at the measurement date.

Level 2: fair value measurement at the balance sheet date using other significant observable assumptions for the asset or liability, either directly or indirectly, except quoted prices included in Level 1.

Level 3: fair value measurement at the balance sheet date using non-observable data for the asset or liability.

The data used in fair value models are obtained, whenever possible, from observable markets or from information in comparable transactions in the market. Judgment is used in the determination of assumptions in relation to liquidity risk, credit risk and volatility. Changes in assumptions may affect the reported fair value of financial instruments.

In the case of financial instruments not actively negotiated, the fair value is based on valuation techniques defined by the Company and compatible with usual practices of the market. These techniques include the use of recent market operations between independent parties, the benchmarking of similar financial instruments' fair value, the analysis of discounted cash flows, or other valuation models.

The fair values of cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts.

The table below sets forth the fair value hierarchy of financial assets and liabilities measured at fair value and of financial instruments measured at amortized cost, all classified as level 2, for which the fair value has been disclosed in the financial statements:

	Carrying amount		Fair value	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Trade receivables with credit card and tickets	985	424	985	424
Interest rate swaps between currencies	-	(36)	-	(36)
Interest rate swaps	(1)	2	(1)	2
Interest rate swaps - CRI	267	180	267	180
Borrowings and debentures (fair value)	(3,182)	(2,435)	(3,182)	(2,435)
Borrowings and debentures (amortized cost)	(11,994)	(10,120)	(11,716)	(9,974)
	(13,925)	(11,985)	(13,647)	(11,839)

There were no change between fair value measurement hierarchy levels during the year ended December 31, 2023.

Interest rate swaps and borrowings are classified in Level 2 since the fair value of such financial instruments was determined based on readily observable inputs, such as expected interest rate.

(In million of Brazilian reais, unless otherwise stated)

16.9 Borrowings

16.9.1 Debt breakdown

	Average rate	12/31/2023	12/31/2022
Debentures and promissory notes	CDI + 1.45 % per year	**13,378**	11,123
Borrowing costs		**(185)**	(98)
		13,193	11,025
Derivative financial instruments - Debentures and promissory notes			
Swap contracts	CDI + 0.89% per year	**(270)**	(180)
Swap contracts	CDI + 1.32% per year	**8**	-
		(262)	(180)
Borrowings in domestic currency			
Working capital	CDI + 0.20% per year	**40**	51
Working capital	CDI + 1.66% per year	**1,952**	1,223
Borrowing costs		**(9)**	(6)
		1,983	1,268
Derivative financial instruments - Domestic currency			
Swap contracts	CDI + 0.89% per year	**(4)**	(2)
		(4)	(2)
Borrowings in foreign currency			
Working capital	USD + 1.06% per year	**-**	262
		-	262
Derivative financial instruments - Foreign currency			
Swap contracts	CDI + 1.35% per year	**-**	36
		-	36
Total of borrowings, debentures and promissory notes		**14,910**	12,409
Current asset		**(48)**	(27)
Non-current asset		**(226)**	(155)
Current liabilities		**2,115**	1,260
Non-current liabilities		**13,069**	11,331

16.9.2 Roll forward of borrowings

	Value
Balance as of December 31, 2021	8,001
Funding	4,001
Borrowing costs	(42)
Interest provision	1,436
Swap contracts	82
Mark-to-market	(111)
Exchange rate and monetary variation	(18)
Borrowing costs amortization	26
Interest amortization	(783)
Principal amortization	(61)
Swap amortization	(122)
Balance as of December 31, 2022	12,409
Funding	**3,392**
Borrowing costs (i)	**(142)**
Interest provision	**1,746**
Swap contracts	**39**
Mark-to-market	**14**
Exchange rate and monetary variation	**(16)**
Borrowing costs amortization	**52**
Interest amortization	**(1,085)**
Principal amortization	**(1,326)**
Swap amortization	**(173)**
Balance as of December 31, 2023	**14,910**

(i) Include costs related to negotiation of waiver in the change of the shareholding control in the amount of R$93, as disclosed in note 10.1, in capital market operations carried out during the year, without changes to other contractual clauses with financial institutions.

16.9.3 Schedule of non-current maturities

Maturity	Value
From 1 to 2 years	**4,767**
From 2 to 3 years	**1,684**
From 3 to 4 years	**3,654**
From 4 to 5 years	**1,823**
More than 5 years	**1,051**
	12,979
Borrowing cost	**(136)**
	12,843

16.10 Debentures and promissory notes

	Issue amount (in thousands)	Outstanding debentures (units)	Date		Annual financial charges	Unit price (in Reais)	12/31/2023	12/31/2022
			Issue	Maturity				
First Issue of Promissory Notes - 4th series	250	5	7/4/2019	7/4/2023	CDI + 0.72% per year	-	-	317
First Issue of Promissory Notes - 5th series	200	4	7/4/2019	7/4/2024	CDI + 0.72% per year	72,272,432	**289**	254
First Issue of Promissory Notes - 6th series	200	4	7/4/2019	7/4/2025	CDI + 0.72% per year	72,272,432	**289**	254
Second Issue of Debentures - 1st series	940,000	940,000	6/1/2021	5/20/2026	CDI + 1.70% per year	1,015	**954**	957
Second Issue of Debentures - 2nd series	660,000	660,000	6/1/2021	5/22/2028	CDI + 1.95% per year	1,015	**670**	672
Second Issue of Promissory Notes - 1st series	1,250,000	1,250,000	8/27/2021	8/27/2024	CDI + 1.47% per year	1,345	**1,681**	1,467
Second Issue of Promissory Notes - 2nd series	1,250,000	1,250,000	8/27/2021	2/27/2025	CDI + 1.53% per year	1,347	**1,683**	1,468
Third Issue of Debentures - 1st series - CRI	982,526	982,526	10/15/2021	10/16/2028	IPCA + 5.15% per year	1,142	**1,122**	1,072
Third Issue of Debentures - 2nd series - CRI	517,474	517,474	10/15/2021	10/15/2031	IPCA + 5.27% per year	1,143	**591**	565
Fourth Issue of Debentures - single series	2,000,000	2,000,000	1/7/2022	11/26/2027	CDI + 1.75% per year	1,012	**2,024**	2,028
First Issue of Commercial Paper Notes - single series	750,000	750,000	2/10/2022	2/9/2025	CDI + 1.70% per year	1,053	**790**	793
Fifth Issue of Debentures - single series - CRI	250,000	250,000	4/5/2022	3/28/2025	CDI + 0.75% per year	1,030	**258**	258
Sixth Issue of Debentures - 1st series - CRI	72,962	72,962	9/28/2022	9/11/2026	CDI + 0.60% per year	1,035	**76**	75
Sixth Issue of Debentures - 2nd series - CRI	55,245	55,245	9/28/2022	9/13/2027	CDI + 0.70% per year	1,036	**58**	57
Sixth Issue of Debentures - 3rd series - CRI	471,793	471,793	9/28/2022	9/13/2029	IPCA + 6.70% per year	1,078	**508**	485
Second Issue of Commercial Paper Notes - single series	400,000	400,000	12/26/2022	12/26/2025	CDI + 0.93% per year	1,143	**458**	401
Seventh Issue of Debentures - 1st series - CRI	145,721	145,721	7/25/2023	7/15/2026	CDI + 1.00% per year	1,057	**154**	-
Seventh Issue of Debentures - 2nd series - CRI	878,503	878,503	7/25/2023	7/15/2027	Pre 11.75% per year	1,049	**921**	-
Seventh Issue of Debentures - 3rd series - CRI	46,622	46,622	7/25/2023	7/17/2028	CDI + 1.15% per year	1,058	**50**	-
Eighth Issue of Debentures - 1st series - CRI	400,000	400,000	12/22/2023	12/22/2027	CDI + 1.85% per year	1,002	**401**	-
Eighth Issue of Debentures - 2nd series - CRI	400,000	400,000	12/22/2023	12/22/2028	CDI + 1.95% per year	1,002	**401**	-
Borrowing costs							**(185)**	(98)
							13,193	11,025

The Company issues debentures to strengthen its working capital, maintain its cash strategy, and lengthen its debt and investment profile. The debentures issued are non-preemptive, non-convertible into shares, do not have renegotiation clauses and do not have guarantees.

16.11 Borrowings in foreign currencies

As of December 31, 2023, due to the settlement of the agreement with Scotiabank, the Company has no borrowing in foreign currency.

16.12 Guarantees

As of December 31, 2023, the Company has no guarantees related to its borrowing agreement.

16.13 Swap contracts

The Company uses swap operations for 100% of its borrowings denominated in fixed interest rates and IPCA, exchanging these liabilities for the CDI (floating) interest rates. The annual average rate at CDI as of December 31, 2023 was 13.04% (12.43% as of December 31, 2022).

16.14 Financial covenants

In connection with the debentures and promissory notes issued, the Company is required to maintain certain financial ratios. These ratios are calculated quarterly based on the Company's financial information prepared in accordance with accounting practices adopted in Brazil, as follows: (i) consolidated net debt / equity less than or equal to 3.00; and (ii) consolidated net debt/EBITDA Last Twelve Months ("LTM") ratio should be lower than or equal to 3.00.

As of December 31, 2023, the Company had fulfilled all contractual obligations and was compliant with these ratios.

(In million of Brazilian reais, unless otherwise stated)

17 PROVISION FOR LEGAL PROCEEDINGS

Provisions are recognized when the Company has a present obligation (legal or not formalized) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the obligation can be reliably estimated. The expense related to any provision is recognized in statement of operations for the year, net of any reimbursement. The Company's policy is to provide for fees on success. In the explanatory notes, the amounts involved are disclosed for cases not yet concluded and considered as possible success.

In order to assess the outcome's probability the Company considers available evidence, the hierarchy of laws, prior court decisions in similar cases and their legal significance, as well as the legal counsel's opinion.

The provision for legal proceedings is estimated by the Company and supported by its legal counsel and was established in an amount considered sufficient to cover the considered probable losses.

	Tax claims	Social security and labor	Civil	Total
Balance as of December 31, 2021	109	69	27	205
Additions	14	74	13	101
Reversals	(73)	(31)	(4)	(108)
Payments	-	(33)	(16)	(49)
Monetary correction	5	7	4	16
Balance as of December 31, 2022	55	86	24	165
Restricted deposits for legal proceedings	(7)	(29)	(8)	(44)
Net provision for restricted deposits	48	57	16	121

	Tax claims	Social security and labor	Civil	Total
Balance as of December 31, 2022	55	86	24	165
Additions	**17**	**172**	**22**	**211**
Reversals	**(6)**	**(49)**	**(5)**	**(60)**
Payments	**(4)**	**(59)**	**(8)**	**(71)**
Monetary correction	**-**	**13**	**5**	**18**
Balance as of December 31, 2023	**62**	**163**	**38**	**263**
Restricted deposits for legal proceedings	**(1)**	**(15)**	**(10)**	**(26)**
Net provision for restricted deposits	**61**	**148**	**28**	**237**

Of the total amount of the table above, R$50 (R$24 as of December 31, 2022) is the responsibility of GPA arising from contingencies up to 2016, pursuant to contractual provisions, namely: R$3 tax claims, R$27 labor claims and R$20 civil claims (R$3 tax claims, R$12 labor claims and R$9 civil claims as of December 31, 2022).

17.1 Tax claims

Tax claims are subject by law to monthly monetary adjustment, which refers to an adjustment to the provision based on indexing rates adopted by each tax jurisdiction. Both interest charges and fines, where applicable, were calculated and provisioned with respect to unpaid amounts.

The Company has other tax claims, which according to its legal counsel's analysis, were provisioned, namely: (i) discussions on the non-application of the Accident Prevention Factor (FAP); (ii) IPI in the resale of imported products; and (iii) other matters.

The amount provisioned for these matters as of December 31, 2023 is R$62 (R$55 as of December 31, 2022).

17.2 Social security and labor

The Company is a party to various labor proceedings, especially due to dismissals in the regular course of business. As of December 31, 2023, the Company recorded a provision of R$163 (R$86 as of December 31, 2022), referring to a potential risk of loss relating to labor claims. Management, with the assistance of its legal counsel, assesses these claims and records provisions for losses when reasonably estimated, considering previous experiences in relation to amounts claimed.

17.3 Civil

The Company is a party to civil proceedings (indemnifications, collections, among others) that are in different procedural phases and at various courts. Management records provisions in amounts considered sufficient to cover unfavorable court decisions when its internal and external legal counsel assess the losses to be probable.

Among these proceedings, we highlight the following:

The Company is a party to various lawsuits requesting the renewal of rental agreements and the review of the current rent paid. The Company records a provision for the difference between the monthly rental amounts originally paid by stores and the rental amounts calculated by the legal experts considering that it is the expert report amount that will be used as the basis for the decision that will change the rental amount paid by the entity. As of December 31, 2023, the amount of the provision for these lawsuits is R$32 (R$19 as of December 31, 2022), for which there are no restricted deposits for legal proceedings.

(In million of Brazilian reais, unless otherwise stated)

The Company is a party to certain lawsuits relating to the fines applied by inspection bodies of direct and indirect administration of the federal government, states, and municipalities, including consumer defense bodies (PROCONs, INMETRO, and local governments). The Company, with the assistance of its legal counsel, assesses these claims recording provisions for probable cash disbursements according to the estimate of loss. As of December 31, 2023, the amount of provision for these lawsuits is R$6 (R$5 as of December 31, 2022).

The Company's total civil, regulatory and property claims as of December 31, 2023, is R$38 (R$24 as of December 31, 2022).

17.4 Contingent liabilities not accrued

The Company is a party to other litigations for which the risk of loss was classified by its legal counsel to be possible, therefore, not accrued, which are related to:

	12/31/2023	12/31/2022
Tax on Financial Transactions (IOF) – payment differences.	**14**	14
PIS, COFINS – payment discrepancies and overpayments, fine for non-compliance with ancillary obligations, disallowance of PIS and COFINS credits, among other matters pending judgment at the administrative and judicial levels.	**783**	650
ICMS – allocation of credits from purchases from suppliers considered unqualified by the registry of the State Revenue Service, among other matters, which are pending judgment at the administrative and judicial levels.	**1,216**	1,084
ISS (services tax), IPTU (urban property tax), Fees and other – discrepancies in payments of IPTU, fines for non-compliance with ancillary obligations, ISS – refund of advertising expenses and various fees, which are pending judgment at the administrative and judicial levels.	**18**	16
INSS (national institute of social security) – divergences in the FGTS and Social Security form (GFIP), offsets not approved, among other matters, which are pending judgment at the administrative and judicial levels.	**24**	23
Other litigation – real estate lawsuits in which the Company claims the renewal and maintenance of lease agreements according to market prices. These lawsuits involve proceedings in civil court, as well as administrative proceedings filed by inspection bodies, among others.	**98**	44
Compensation linked to the external legal counsel's success fee if all the proceedings were concluded in favor of the Company.	**20**	14
	2,173	1,845

Of the total amount in the table above, R$1,494 (R$1,352 as of December 31, 2022) is the responsibility of GPA arising from contingencies up to 2016, pursuant to contractual provisions, namely: R$1,398 tax claims and R$96 civil claims (R$1,309 tax claims and R$43 civil claims as of December 31, 2022).

Three collective proceedings were filed by institutions related to black people's movements due to an approach to a customer, in August 2021 at the store in Limeira - SP, which claim supposed racial issues. All were duly answered. One of them has already been extinguished by the judiciary without major effects. As of December 31, 2023, there are still two lawsuits in progress and, given the subjectivity of the matter, it is still not possible to reasonably estimate the amounts involved. A significant impact on the financial statements is not expected.

17.4.1 Uncertainty over IRPJ and CSLL treatments

In compliance with ICPC 22/IFRIC 23 – Uncertainty over Income Tax Treatment, the Company has proceedings, at the judicial and administrative levels, with Government's regulatory agencies, which are related to uncertain tax treatments adopted for the recording of income tax and social contribution. Based on the assessment of internal and external legal counsel, the tax treatment adopted by the Company is adequate, therefore, these proceedings were classified as possible losses. As of December 31, 2023, the amount involved was R$917 (R$598 as of December 31, 2022).

17.5 Guarantees

The Company provided bank guarantees and insurance guarantees for judicial proceedings of a civil, tax and labor nature, described below:

Lawsuits	12/31/2023	12/31/2022
Tax	**1,113**	700
Labor	**75**	91
Civil and others	**557**	505
	1,745	1,296

The cost of guarantees as of December 31, 2023 is approximately 0.19% per year of the amount of the lawsuits (0.29% as of December 31, 2022) and is recorded as a financial expense.

17.6 Restricted deposits for legal proceedings

The Company is challenging the payment of certain taxes, contributions, and labor liabilities and made judicial deposits in amounts equivalent to the final court decisions, as well as judicial deposits related to the provision for legal claims.

(In million of Brazilian reais, unless otherwise stated)

The Company recorded amounts referring to judicial deposits in its assets as follows.

Lawsuits	12/31/2023	12/31/2022
Tax	**18**	12
Labor	**16**	34
Civil and others	**10**	10
	44	56

18 DEFERRED REVENUES

Recognized by the Company as a liability due to anticipation of amounts received from business partners. These are recognized in the statement of operations for the year when the services are rendered to these business partners.

	12/31/2023	12/31/2022
Sale and leaseback	**-**	3
Rental of spaces in stores (i)	**296**	259
Checkstand (ii)	**89**	45
Commercial agreement - payroll (iii)	**48**	39
Marketing and others	**22**	13
	455	359
Current	**418**	328
Non-current	**37**	31

(i) Rental of backlight panels.
(ii) Supplier product exhibition modules, or checkstands, rental of point of sale displays.
(iii) Commercial agreement with a financial institution for exclusivity in payroll processing.

19 INCOME TAX AND SOCIAL CONTRIBUTION

Current income tax and social contribution

Current income tax and social contribution assets and liabilities are measured by the amount expected to be refunded or paid to the tax authorities. The tax rates and laws adopted to calculate tax are those effective or substantially effective at the end of the year.

Income taxes in Brazil consist of Corporate Income Tax ("IRPJ") and Social Contribution on Net Income ("CSLL"), calculated based on taxable income, at the statutory rates set forth in the legislation in force: 15% on taxable income plus an additional 10% on annual taxable income exceeding R$240 for IRPJ, and 9% for CSLL.

Deferred income tax and social contribution

Deferred income tax and social contribution are generated by temporary differences, at the end of the reporting period, between the tax bases of assets and liabilities, carrying amounts and all unused tax losses, to the extent it is probable that taxable income will be available from which temporary differences and unused tax losses can be deducted; except when deferred income tax and social contribution referring to the deductible temporary difference results from the initial recognition of an asset or liability in an operation which is not a business combination and, at the moment of operation, neither affects the accounting profit nor the tax income or loss.

The carrying amount of deferred income tax and social contribution assets is reviewed at the end of each reporting period and reduced since it is no longer probable that taxable income will be sufficient to allow the use of total or part of deferred income tax and social contribution. Non-recognized deferred income tax and social contribution assets are re-assessed at the end of the reporting period and again recognized since it is probable that future taxable income will allow the recovery of these assets.

Credits arising from deferred income tax and social contributions losses can be carried forward indefinitely, but their utilization, as provided for by laws, is restricted to 30% of taxable income of each year for Brazilian legal entities, and refer to their subsidiaries that have tax planning opportunities to use these balances.

Deferred taxes relating to items directly recognized in shareholders' equity are also recognized in shareholders' equity, and not in the statement of operations.

Deferred income tax and social contribution assets and liabilities are offset if there is any legal or contractual right to offset the tax assets against the income tax liabilities, and deferred assets refer to the same taxpayer entity and the same tax authority.

Due to the nature and complexity of the Company's business, differences between effective results and assumptions adopted or future alterations of these assumptions may result in future adjustments to tax income and expenses already recorded. The Company set up provisions, based on reasonable estimates for taxes due. The amount of these provisions is based on several factors, such as the experience of previous inspections and different interpretation of tax regulation by taxpayer entity and related tax authority. These different interpretations can refer to a wide variety of issues, depending on the conditions in force at the tax domicile of the respective entity.

(In million of Brazilian reais, unless otherwise stated)

19.1 Reconciliation of income tax and social contribution expense

	12/31/2023	12/31/2022
Income before income tax and social contribution	**554**	1,335
Expense of income tax and social contribution, for nominal rate (34%)	**(188)**	(454)
Adjustments to reflect the effective rate		
Tax fines	**(3)**	(2)
Share of profits	**17**	15
Interest on own capital	**-**	17
ICMS subsidy - tax incentives (i)	**319**	248
Monetary correction credits	**15**	64
Other permanent differences	**(4)**	(3)
Effective income tax and social contribution	**156**	(115)
Income tax and social contribution for the year		
Current	**(6)**	(75)
Deferred	**162**	(40)
Benefits (expense) of income tax and social contribution	**156**	(115)
Effective rate	**-28.2%**	8.6%

(i) The Company has tax benefits that are characterized as investment subsidies as provided for in Complementary Law 160/17 and Law 12,973/14. In the year ended December 31, 2023, the Company excluded the IRPJ and CSLL calculation bases from the amount constituted and to be constituted in the subsequent years in the tax incentive reserve, see note 20.5.

19.2 Breakdown of deferred income tax and social contribution

The main components of deferred income tax and social contribution in the balance sheets are the following:

	12/31/2023			12/31/2022		
	Assets	Liabilitie	Net	Assets	Liabilitie	Net
Deferred income tax and social contribution						
Tax losses	**385**	**-**	**385**	213	-	213
Provision for legal proceedings	**81**	**-**	**81**	44	-	44
Exchange rate variation	**-**	**(66)**	**(66)**	-	(28)	(28)
Goodwill tax amortization	**-**	**(317)**	**(317)**	-	(317)	(317)
Fair value adjustment	**-**	**(25)**	**(25)**	-	(29)	(29)
Property, plant and equipment and intangible assets	**25**	**-**	**25**	30	-	30
Unrealized losses with tax credits	**-**	**(15)**	**(15)**	-	(6)	(6)
Provision for restructuring	**-**	**-**	**-**	12	-	12
Provision of inventory	**30**	**-**	**30**	26	-	26
Borrowing costs	**-**	**(66)**	**(66)**	-	(35)	(35)
Lease net of right of use	**3,071**	**(2,932)**	**139**	2,785	(2,684)	101
Others	**-**	**-**	**-**	-	(5)	(5)
Gross deferred income tax and social contribution assets (liabilities)	**3,592**	**(3,421)**	**171**	3,110	(3,104)	6
Compensation	**(3,421)**	**3,421**	**-**	(3,104)	3,104	-
Net deferred income tax and social contribution assets (liabilities), net	**171**	**-**	**171**	6	-	6

Management has assessed the future realization of deferred tax assets, considering the projections of future taxable income, in the context of the main variables of its businesses. This assessment was based on information from the strategic planning report previously approved by the Company´s Board of Directors.

The Company estimates the recovery of these credits as follows:

Years	Amounts
Up to 1 year	**164**
From 1 year to 2 years	**333**
From 2 years to 3 years	**9**
From 3 years to 4 years	**1**
More than 5 years	**3,085**
	3,592

(In million of Brazilian reais, unless otherwise stated)

19.3 Roll forward of deferred income tax and social contribution

	12/31/2023	12/31/2022
At the beginning of the year	**6**	45
Benefits (expenses) in the year	**162**	(40)
Income tax effect	**3**	1
At the end of the year	**171**	6

20 SHAREHOLDERS' EQUITY

20.1 Capital stock and stock rights

According to the Company's bylaws, the Company's authorized capital may be increased up to 2 billion common shares. Below, the subscribed and fully paid-in share capital, represented by common shares, all nominative and with no par value:

	Number of shares	Amount
As of December 31, 2021	1,346,674,477	788
Capital increase - Board of Directors' Meeting on 02/21/2022	239,755	1
Capital increase - Board of Directors' Meeting on 04/28/2022	-	464
Capital increase - Board of Directors' Meeting on 05/09/2022	298,919	2
Capital increase - Board of Directors' Meeting on 07/27/2022	1,119,515	3
Capital increase - Board of Directors' Meeting on 10/20/2022	650,808	3
Capital increase - Board of Directors' Meeting on 12/06/2022	181,920	2
Total changes for the year	2,490,917	475
As of December 31, 2022	1,349,165,394	1,263
Capital increase - Board of Directors' Meeting on 02/15/2023	**59,870**	**1**
Capital increase - Board of Directors' Meeting on 03/28/2023	**1,031,232**	**1**
Capital increase - Board of Directors' Meeting on 08/18/2023	**1,207,046**	**4**
Capital increase - Board of Directors' Meeting on 10/30/2023	**213,458**	**2**
Capital increase - Board of Directors' Meeting on 12/08/2023	**156,200**	**1**
Total changes for the year	**2,667,806**	**9**
As of December 31, 2023	**1,351,833,200**	**1,272**

20.2 Distribution of dividends and interest on own capital

Management proposed that the income for the year ended December 31, 2023 be allocated to the tax incentive reserve, therefore, no dividends were distributed and no interest on own capital was paid, as shown below:

	Note	12/31/2023	12/31/2022
Net income for the year		**710**	1,220
Tax incentive reserve	20.5	**(710)**	(753)
Base for legal reserve		**-**	467
% Legal reserve		**5%**	5%
Legal reserve for the year	20.3	**-**	23
Base for dividends		**-**	444
Minimum mandatory dividends - 25%		**-**	111
Interest on own capital payable (i)		**-**	(43)
Proposed dividends		**-**	68

(i) At a meeting of the Board of Directors held on December 23, 2022, the advance payment of interest on own capital in the gross amount of R$50 was approved, on which the withholding tax was deducted in the amount of R$7, corresponding to the net amount of R$43. The effective payment occurred on February 17, 2023.

At the Annual General Meeting ("AGM") of shareholders held on April 27, 2023, shareholders voted for the approval of the minimum mandatory dividend in the amount of R$68, calculated in accordance with Brazilian Corporate Law. The total amount relating to dividends corresponding to R$0.0500185431139003 per common share was paid in June 2023.

20.3 Earnings reserve

Legal reserve is recorded by appropriating 5% of the net income of each fiscal year, observing the 20% limit of capital, as established by article 193 of Law 6,404/76. As of December 31, 2023, the balance is R$180.

As of December 31, 2023, no amount were allocated to legal reserve (R$23 as of December 31, 2022), since the income for the year was used to record the tax incentive reserve.

	12/31/2023	12/31/2022
Net income fot the year	**710**	1,220
Tax incentive reserve	**(710)**	(753)
Base for legal reserve	**-**	467
% Legal reserve	**5%**	5%
Legal reserve for the year	**-**	23

20.4 Expansion reserve

At the AGM held on April 27, 2023 the constitution of the expansion reserve in the amount of R$325 was approved, against the earnings reserve of the year 2022.

20.5 Tax incentive reserve

Tax incentive reserves by the States were considered investment subsidies, wich are deductible for the calculation of income tax and social contribution. Thus, for the year ended December 31, 2023, the Company allocated the amount of R$939 (R$753 as of December 31,2022) to the tax incentive reserve, of which R$710 refers to the amount of incentives generated in 2023 and constituted in the same year and R$229 to be recognized when the Company reports income in subsequent periods.

As provided for in article 30 of Law 12,973/14, the tax incentive reserve may be used to absorb losses, or for an increase in capital. Under the same legal provision, the tax incentive reserve is not part of the calculation basis for the minimum mandatory dividend, and the Company must subject it to taxation, in case of distribution.

20.6 Share-based payment

20.6.1 Recognized options granted

The effects of the share-based payments of the Company's executives are recorded in "Stock options granted", pursuant to CPC 10 (R1)/IFRS 2 – Share-based Payment.

The Company's employees and executives may receive payment based on shares, when they provide services in exchange for equity instruments (“transactions settled with shares”).

The Company measures the transaction costs of employees eligible for share-based compensation, according to the fair value of equity instruments on the grant date. Estimating the fair value of share-based payment transactions requires a definition of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires a definition of the most appropriate information for the valuation model, including the stock option life expectancy, volatility and dividend return, as well as the preparation of corresponding assumptions.

The cost of operations settled with shares is recognized as an expense for the year, together with a corresponding increase in shareholders' equity, during the year in which the performance and / or service provision conditions are met. Accumulated expenses recognized in relation to equity instruments on each base date, up to the acquisition date, reflect the extent to which the acquisition period has expired and the best estimate of the Company of the number of equity instruments that will be acquired.

The expense or reversal of expenses for each year represents the movement in accumulated expenses recognized at the beginning and end of the year. Expenses related to services that have not completed their acquisition period are not recognized, except in the case of operations settled with shares in which the acquisition depends on a market condition or non-acquisition of rights, which are treated as acquired, regardless of whether the market condition or non-acquisition of rights is satisfied or not, provided that all other performance and / or service provision conditions are met.

When an equity instrument is modified, the minimum expense recognized is the expense that would have been incurred if the terms had not been modified. An additional expense is recognized in the event of a change in the total fair value of the share-based payment transaction or that otherwise benefits the employee, as measured on the date of the change.

In case of cancellation of an equity instrument, it is treated as if it were fully acquired on the date of cancellation, and any expenses not yet recognized, referring to the premium, are recognized immediately in the income for the year. This includes any premium whose conditions of non-acquisition under the control of the Company or the employee are not met. However, if the canceled plan is replaced by a new plan and substitute grants are generated, on the date it is granted, the canceled grant and the new plan will be treated as if they were a modification of the original grant, as described in the previous paragraph. All cancellations for transactions settled with shares are treated in the same way.

The dilutive effect of outstanding options is reflected as an additional dilution of shares in the calculation of diluted earnings per share.

The following describes the stock option plan as of December 31, 2023.

Company's compensation plan

The Company's compensation plan ("Compensation Plan") is managed by Company Board of Directors, which delegated to the Human Resources, Culture and Compensation Committee the attributions of granting options and advising on the management of the Compensation Plan (“Committee”).

The members of the Committee will meet to grant the options from the compensation plan series and whenever there are questions raised regarding the compensation plan. Each series of the granting of stock options will receive the letter "B" followed by a number. For the year ended December 31, 2023, the options granted in series B8, B9 and B10 of the Compensation Plan were in effect.

The options granted to a participant will not be exercisable for a period of 36 (thirty-six) months from the date of grant ("vesting period"), except with formal authorization by the Company, and may only be exercised in the period beginning on the first day of the 37th (thirty seventh) month from the date of grant, and ending on the last day of the 42nd (forty second) month from the date of grant ("exercise period").

The participants may exercise their total purchase options or in part, in one or more times, if for each year, the option exercise term is submitted during the exercise period.

The exercise price of each stock option granted under the Compensation Plan should correspond to R$0.01 ("exercise price").

The exercise price of the options shall be paid in full local currency by check or wire transfer available to the bank account held by the Company, on the tenth (10th) day preceding the date of acquisition of the shares.

The Company withhold any applicable tax under Brazilian tax law, dedutiong from the number of shares delivered to the participant an amount equivalent to taxes withheld.

Company's option plan

The Company's option plan ("Option Plan") is managed by Company Board of Directors, which delegated to the Committee the functions of granting options and advising on the management of the Option Plan.

The members of the Committee will meet for the granting of the options of the Option Plan series and whenever there are questions raised regarding the Option Plan. Each series of call option grants will receive the letter “C” followed by a number. For the year ended December 31, 2023, the options granted in series C8, C9 and C10 of the Option Plan were in effect.

For each serie of stock options granted under the Option Plan, the exercise price of each stock option shall be equivalent to 80% of the average closing price of the Company's shares traded in B3 in the twenty (20) days prior to the date of the Committee meeting that decides upon the granting of the options that series ("exercise price").

Options granted to a participant will not be exercisable for a period of 36 (thirty-six) months from the date of grant ("vesting period"), and may only be exercised in the period beginning on the first day of the 37th (thirty seventh) month from the grant date, and ending on the last day of the 42nd (forty second) month from the grant date ("exercise period"), provided the exceptions included in the Compensation Plan.

The participants may exercise their total purchase options or in part, in one or more times, if for each year, the option exercise term is submitted during the exercise period.

The exercise price of the options shall be paid in full local currency by check or wire transfer available to the bank account held by the Company on the tenth (10th) day preceding the date of acquisition of the shares.

Information relating to the Company's Option Plan and Compensation Plan is summarized below:

				12/31/2023 Number of shares (in thousands)			
Granted series	Grant date	1st exercise date	Exercise price on the grant date (in reais)	Gran-ted	Exer-cised	Cance-lled	Current
B8	5/31/2021	6/1/2024	0.01	**363**	**(20)**	**(45)**	**298**
C8	5/31/2021	6/1/2024	13.39	**363**	**(20)**	**(45)**	**298**
B9	5/31/2022	6/1/2025	0.01	**2,163**	**(358)**	**-**	**1,805**
C9	5/31/2022	6/1/2025	12.53	**1,924**	**(119)**	**-**	**1,805**
B10 (i)	5/31/2023	6/1/2026	0.01	**1,390**	**-**	**-**	**1,390**
C10 (i)	5/31/2023	6/1/2026	11.82	**1,390**	**-**	**-**	**1,390**
				7,593	**(517)**	**(90)**	**6,986**

(i) Shares granted to executives excluding statutory officers.

20.6.2 Consolidated information of Company's share-based payment plans

According to the terms of the series plans, each option offers its beneficiary the right to buy a share of the Company. In both plans, the vesting period is 36 months, always measured from the date on which the Board of Directors approved the issue of the respective series of options. The stock options may be exercised by their beneficiaries within 6 months after the end of the vesting period of the respective grant date. The condition for the options to be exercisable (vested) is for the beneficiary to remain as an employee of the Company. The plans differ exclusively in the exercise price of the options and in the existence or not of a restriction period for the sale of the shares acquired in the exercise of the option.

According to the plans, the options granted in each of the series can represent a maximum of 2% of the total shares issued by the Company.

The table below shows the maximum percentage of dilution to which current shareholders could eventually be subject to in the event that all options granted are exercised until December 31, 2023:

	12/31/2023 (in thousands)
Number of shares	**1,351,833**
Balance of effective series granted	**6,986**
Maximum percentage of dilution	**0.52%**

The fair value of each option granted is estimated on the grant date, using the options pricing model "Black-Scholes" taking into account the following assumptions:

Series granted	Weighted average fair value of option's granted (in reais)	Estimated dividends	Approximate estimated volatility	Risk-free weighted average interest rate	Exit rate	Average remaining life expectancy
B8 C8	17.21 7.69	1.28%	37.06%	7.66%	8.00%	5 months
B9 C9	15.27 7.35	1.20%	37.29%	12.18%	8.00%	17 months
B10 C10	10.33 3.28	1.31%	35.32%	10.87%	8.00%	29 months

	Shares	Weighted average exercise price	Weighted average of the remaining contractual term
	in thousands	R$	
As of December 31, 2022	4,651	6.01	2.28
As of December 31, 2023			
Granted during the year	**2,780**	**5.92**	
Cancelled during the year	**(32)**	**5.97**	
Exercised during the year	**(413)**	**5.97**	
Outstanding at the end of the year	**6,986**	**5.97**	**1.73**
Total to be exercised as of December 31, 2023	**6,986**	**5.97**	**1.73**

The amount recorded in the statement of operations for the year ended December 31, 2023 was R$28 (R$14 as of December 31, 2022).

20.6.3 Cash-settled share-based payment plan

At the Extraordinary General Meeting held on July 14, 2023, the cash-settled share-based payment plan was approved, only for the Company's Statutory Officers, this plan does not make officers a partner of the Company, they only acquire the right to receive a cash compensation corresponding to the average price of the Company's shares traded on B3 under the ticker ASAI3.

The calculation methodology is the linear average of the share price considering the last 20 trading sessions, including the base date of August 1, 2023 (grant date), until the end of the plan on July 31, 2028. The payment will be made in local currency, considering the vesting periods of the shares.

1,989,465 shares were granted to the Company's officers and the premium related to 50% of the shares will be conditional on compliance with the service condition (shares conditioned on time) and the other 50% of the shares will be conditional on the cumulative compliance with the service condition and the performance condition (shares conditioned on time and performance).

For shares conditioned on time to become vested, Offices must remain with the Company from the grant date to the dates below (vesting period):

a) 20% (twenty percent) on the 3-year anniversary from the grant date;
b) 20% (twenty percent) on the 4-year anniversary from the grant date; and
c) 60% (sixty percent) on the 5-year anniversary from the grant date.

For shares conditioned on time and performance to become vested, the Executive must comply with the vesting periods above, in addition to meeting the goals, being segregated between: a) Environmental, Social and Governance ("ESG") goal with a weight of 30 %: i) hiring people with disabilities; ii) women in leadership, in managerial positions or higher; and iii) total carbon emissions – Scope 1 and 2; and b) Operating target with a weight of 70%: i) operating cash flow.

The targets above will be reviewed annually by the Board of Directors and non-achievement of them at December 31, 2026 and 2027 may be compensated by achievement on subsequent measurement dates.

At the end of each vesting period, virtual shares conditioned on time that have become vested virtual shares will be automatically settled, for virtual shares conditioned on time and performance the goals listed above must be achieved.

If the Officer is terminated on his/her own initiative, the Officer will lose the right to receive unvested shares, which will be immediately canceled and extinguished, without any compensation and/or indemnity, regardless of prior notice or notice. If the Officer is terminated at the initiative of the Company, through dismissal and removal from office due to serious misconduct, all his/her shares will be extinguished, without any compensation and/or indemnity, regardless of prior notice or notice. If the Officer is terminated due to mutual agreement between the Company and the Officer or on the Company's initiative, through dismissal and removal from office without serious misconduct, the Officer will have the right, subject to compliance with restrictive obligations, to settlement of all vested shares at the termination date and to maintain a portion of the unvested shares as agreed between the parties.

(In million of Brazilian reais, unless otherwise stated)

As of December 31, 2023, the amount of the liability corresponding to the plan, including payroll charges, in recorded is "Other accounts payable" in the amount of R$4 and the total expense recognized, including payroll charges, was R$4 and the fair value of this plan in that date was R$35, including charges.

21 NET OPERATING REVENUE

CPC 47/IFRS 15 establishes a comprehensive framework to determine when and for how much revenue should be recognized.

Revenue

a) Sale of goods

Revenues from the sale of goods are recognized at their fair value when control over the products is transferred to the customer, the Company no longer has control or responsibility for the goods sold and the economic benefits generated for the Company are probable, which occurs substantially upon delivery of products to customers in stores, when the Company's performance obligation is met. Revenues are not recognized if their realization is uncertain.

b) Revenue from services rendered

The revenues earned are stated on a net basis and recognized in the statement of operations when it is probable that economic benefits will flow to the Company, and their amounts can be reliably measured.

	12/31/2023	12/31/2022
Gross operating revenue		
Goods	**72,535**	59,510
Services rendered and others	**250**	174
	72,785	59,684
(-) Revenue deductions		
Returns and sales cancellation	**(147)**	(109)
Taxes	**(6,135)**	(5,055)
	(6,282)	(5,164)
Net operating revenue	**66,503**	54,520

22 EXPENSES BY NATURE

Cost of sales

Comprise the acquisition cost of inventory net of discounts and considerations received from suppliers and logistics costs.

Commercial agreement received from suppliers is measured based on contracts and agreements signed between the parties.

The cost of sales includes the cost of logistics operations managed or outsourced by the Company, comprising the storage costs, handling and freight incurred until good is available for sale. Transportation costs are included in the acquisition costs.

Selling expenses

Comprises all stores expenses, such as payroll, marketing, occupation, maintenance, and expenses with credit card companies, among others.

Marketing expenses refer to advertising campaigns. The Company’s principal means of communication are: radio, television, newspapers, and magazines, and the amounts of its commercial agreement are recognized in the statement of operations upon realization.

General and administrative expenses

Corresponds to indirect expenses and the cost of corporate units, including procurement and supplies, information technology, and financial activities.

	12/31/2023	12/31/2022
Inventory cost	**(54,685)**	(44,809)
Personnel expenses	**(4,137)**	(3,358)
Outsourced services	**(338)**	(264)
Selling expenses	**(1,093)**	(875)
Functional expenses	**(1,150)**	(883)
Other expenses	**(521)**	(534)
	(61,924)	(50,723)
Cost of sales	**(55,682)**	(45,557)
Selling expenses	**(5,411)**	(4,379)
General and administrative expenses	**(831)**	(787)
	(61,924)	(50,723)

23 OTHER OPERATING REVENUES (EXPENSES), NET

Other operating revenue and expenses correspond to the effects of significant or non-recurring events during the fiscal year not classified into the definition of other items of the statement of operations.

	12/31/2023	12/31/2022
Result with property, plant and equipment and leases	**55**	(34)
Expense related to legal proceedings	**(1)**	(19)
Restructuring expenses and others	**(5)**	(33)
Indemnity assets	**-**	14
	49	(72)

24 NET FINANCIAL RESULT

Financial revenues includes income generated by cash and cash equivalents, court deposits, and gains relating to the measurement of derivatives at fair value.

Interest income is recorded for all financial assets measured at amortized cost, adopting the effective interest rate, which corresponds to the discount rate of payments or future cash receivables over the estimated useful life of financial instrument – or a shorter period, where applicable – to the net carrying amount of financial asset or liability.

Financial expenses substantially include all expenses generated by net debt and cost of sales of receivables during the year, the losses relating to the measurement of derivatives at fair value, the losses with sales of financial assets, financial charges over litigations, taxes, and interest expenses over finance leases.

	12/31/2023	12/31/2022
Financial revenues		
Cash and cash equivalents interest	**123**	152
Monetary correction assets	**80**	187
Revenue from anticipation of payables	**42**	40
Other financial revenues	**36**	15
Total financial revenues	**281**	394
Financial expenses		
Cost of debt	**(1,720)**	(896)
Cost and discount of receivables	**(119)**	(97)
Monetary correction liabilities	**(247)**	(401)
Interest on lease liabilities	**(899)**	(509)
Other financial expenses	**(27)**	(6)
Total financial expenses	**(3,012)**	(1,909)
	(2,731)	(1,515)

25 EARNINGS PER SHARE

The Company calculates earnings per share by dividing the net income for the year, relating to each class of shares, by the total number of common shares outstanding in the year.

Diluted earnings per share are calculated by dividing the net income attributed to holders of common shares (after adjusting for interest on preferred shares and on convertible securities, in both cases net of taxes) by the weighted average amount of common shares available during the year plus the weighted average number of common shares that would be issued upon conversion of all potential diluted common shares into common shares.

The table below presents the determination of the net income for the year available to holders of outstanding common shares to calculate the basic earnings and diluted earnings per share in each year presented:

	12/31/2023	12/31/2022
Net income allocated available to holders of common shares (a)	**710**	1,220
Weighted average of the number of shares	**1,350**	1,348
Basic denominator (million of shares) (b)	**1,350**	1,348
Weighted average of stock option	**4**	6
Diluted denominator (million of shares) (c)	**1,354**	1,353
Basic earnings per million shares (R$) (a ÷ b)	**0.525574**	0.905322
Diluted earnings per million shares (R$) (a ÷ c)	**0.524174**	0.901589

(In million of Brazilian reais, unless otherwise stated)

26 NON-CASH TRANSACTIONS

The Company had transactions that did not represent cash disbursements, and, therefore, these were not presented in the Statement of Cash Flows, as follows:

Transactions	Note
Write-off of provisions for the acquisition of points of sale against trade payables	12.2
Acquisition of property, plant and equipment not yet paid	12.4
Acquisition of intangible assets not yet paid	13.4
Sale of assets held for sale that have not yet been received	27

27 ASSETS HELD FOR SALE

Non-current assets and groups of assets are classified as held for sale if the carrying amount will be recovered through a sale transaction, rather than continued use. This condition is considered to be met only when the asset is available for immediate sale in its present condition, subject only to terms that are customary for sales of such assets and their sale is highly probable. Management must be committed to effecting the sale, and the estimated time for the sale to be completed must be within one year.

Non-current assets classified as held for sale are measured at the lower of carrying amount and market value less cost of sale.

	12/31/2022
Hypermarkets stores (i)	95
	95

(i) On February 25, 2022, GPA and the Company sold 17 owned properties (11 owned by GPA and 6 properties acquired by the Company) with a total sale value of up to R$1,200, to the Brazel Properties real estate fund (“Fund”) with the intervention and guarantee of the Company.

The balance as of December 31, 2022, corresponded to one property owned by GPA and the sale to the Fund was completed on July 11, 2023.

SENDAS DISTRIBUIDORA S.A.

Public-Held Company

CNPJ nº 06.057.223/0001-71

NIRE 3330027290-9

Fiscal Council Opinion

The Fiscal Council of Sendas Distribuidora S.A., in the exercise of its legal and statutory functions, examined the Management Report, the Financial Statements, and their respective Explanatory Notes for the year ended December 31, 2023, as well as the proposal for the allocation of the result for the year. The examination of the aforementioned documents was supplemented by information and clarifications provided to the Members of the Fiscal Council by the Independent Auditors and the Company's Management.

Based on the aforementioned work and clarifications, as well as the Report issued without modifications by the Independent Auditors, this Fiscal Council, by the unanimity of its members, concluded that the referred documents adequately reflect the financial and patrimonial situation of Sendas Distribuidora S.A., and thus opines favorably on the submission of the Management Report, the Financial Statements, and their respective Explanatory Notes for the year ended December 31, 2023, as well as the proposal for the allocation of the result for the year for deliberation by the Ordinary General Meeting of Shareholders.

São Paulo, February 21, 2024

Artemio Bertholini	Edson Carlos Fernandes	Leda Maria Deiro Hahn
President	Sitting Member	Sitting Member

SENDAS DISTRIBUIDORA S.A.

CNPJ nº 06.057.223/0001-71

SUMMARY REPORT OF THE AUDIT COMMITTEE - YEAR 2023

The purpose of this report is: (i) to present a summary of the responsibilities and activities of the Audit Committee; and (ii) to present to the Board of Directors of the Company its findings and recommendations regarding the financial statements for the fiscal year 2023.

During the 2023 Fiscal Year, the Audit Committee focused its efforts on reviewing the quarterly information and annual financial statements for 2023, including the Company's results releases. It also discussed with management and the Independent Auditors the most relevant topics, such as key audit matters and internal control systems. In addition, it monitored the Company's work on internal control and SOX matters, tax and non-tax contingencies, provisions, guarantees, internal audit, risk management, compliance, among other topics.

The Audit Committee of Sendas Distribuidora S.A., in the exercise of its duties and responsibilities as outlined in its Internal Regulations, analyzed the financial statements, accompanied by explanatory notes, the Independent Auditors' Report, and the Annual Management Report for the fiscal year ended on December 31, 2023. Considering the information provided by the Company's Management, Internal Audit, and the Independent Auditors' Report, without any reservations, they believe that the said financial statements adequately reflect, in all relevant aspects, the financial position of the Company as of December 31, 2023. Therefore, the Audit Committee believes that the Financial Statements are in a condition to be approved by the Board of Directors of Sendas Distribuidora S.A.

São Paulo, February 21, 2024.

Luiz Nelson Guedes de Carvalho Coordinator	**Andiara Pedroso Petterle**
Heraldo Gilberto de Oliveira	**Guillermo Braunbeck**

MANAGEMENT STATEMENT

By means of this instrument, the officers below of **SENDAS DISTRIBUIDORA S.A.**, enrolled with the CNPJ/ME under No. 06.057.223/0001-71, with head offices at Avenida Ayrton Senna, No. 6.000, *Lote* 2, Pal 48959, *Anexo* A, Jacarepaguá, CEP 22775-005, in the City of Rio de Janeiro, State of Rio de Janeiro (the "Company"), state that they:

(i) have reviewed, discussed and agreed with the Independent Registered Public Accounting Firm Report over the Company's financial statements for the year ended December 31, 2023; and

(ii) have reviewed, discussed and agreed with the Company's financial statements related to the year ended December 31, 2023.

Rio de Janeiro, February 21, 2024.

Belmiro de Figueiredo Gomes
Chief Executive Officer

Daniela Sabbag Papa
Chief Financial and Administrative Officer

Gabrielle Castelo Branco Helú
Chief Investor Relations Officer